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

FORM 10-K

(Mark one)

☑ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2021

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number: 001-37716

STRATUS®

Stratus Properties Inc.

(Exact name of registrant as specified in its charter)

Delaware	**72-1211572**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

212 Lavaca St., Suite 300 **Austin Texas**	**78701**
(Address of principal executive offices)	(Zip Code)

(512) 478-5788

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.01 per share	STRS	The NASDAQ Stock Market

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. o Yes ☑ No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. o Yes ☑ No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☑ Yes o No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☑ Yes o No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☑	Smaller reporting company	☑
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. o

Indicate by check mark whether the registrant has filed a report on and attestation to its management’s assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). ☐ Yes ☑ No

The aggregate market value of common stock held by non-affiliates of the registrant was $128.7 million on June 30, 2021.

Common stock issued and outstanding was 8,273,268 shares on March 28, 2022.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's proxy statement for its 2022 annual meeting of stockholders are incorporated by reference into Part III of this report.

STRATUS PROPERTIES INC.
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PART I

Items 1. and 2. Business and Properties

All of our periodic reports filed with the United States (U.S.) Securities and Exchange Commission (SEC) pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, are available, free of charge, through our website, "stratusproperties.com," including our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and any amendments to those reports. These reports and amendments are available through our website as soon as reasonably practicable after we electronically file such material with, or furnish such material to, the SEC. Our website is for information only and the contents of our website are not incorporated in, or otherwise to be regarded as part of, this Form 10-K.

Except as otherwise described herein or where the context otherwise requires, all references to "Stratus," "we," "us" and "our" refer to Stratus Properties Inc. and all entities owned or controlled by Stratus Properties Inc. References to "Notes" refer to the Notes to Consolidated Financial Statements included herein (refer to Item 8.), and references to "MD&A" refer to Management's Discussion and Analysis of Financial Condition and Results of Operations and Quantitative and Qualitative Disclosures About Market Risk included herein (refer to Items 7. and 7A.).

Overview

We are a diversified real estate company with headquarters in Austin, Texas. We are engaged primarily in the acquisition, entitlement, development, management and sale of commercial, and multi-family and single-family residential real estate properties, and real estate leasing in the Austin, Texas area and other select, fast-growing markets in Texas.

We generate revenues and cash flows primarily from the sale of our developed properties and the lease of our retail, mixed-use and multi-family properties. Developed property sales can include an individual tract of land that has been developed and permitted for residential use or a developed lot with a residence already built on the lot. We may sell properties under development, undeveloped properties or leased properties if opportunities arise that we believe will maximize overall asset value as part of our business strategy. Our leasing operations primarily involve the lease of space at retail and mixed-use properties that we developed, and the lease of residences in multi-family projects that we developed. Tenants in our retail and mixed-use projects are diverse and include grocery stores, restaurants, healthcare services, fitness centers, a movie theater, and other retail products and services. In addition to our developed and leased properties, we have a development portfolio that consists of approximately 1,700 acres of commercial and multi-family and single-family residential projects under development or undeveloped land held for future use. See "Business Strategy" in MD&A for further discussion.

Discontinued Operations

Block 21 is our wholly owned mixed-use real estate development and entertainment business located on a two-acre city block in downtown Austin that contains the W Austin Hotel, consisting of a 251-room luxury hotel, and office, retail and entertainment space. The hotel is managed by W Hotel Management, Inc. a subsidiary of Starwood Hotels & Resorts Worldwide, Inc., which is a subsidiary of Marriott International, Inc. The entertainment space is occupied by Austin City Limits Live at the Moody Theater (ACL Live) and 3TEN ACL Live. ACL Live is a 2,750-seat live music and entertainment venue and production studio that serves as the location for the filming of Austin City Limits, the longest running music series in American television history. 3TEN ACL Live, which opened in March 2016, has a capacity of approximately 350 people and is designed to be more intimate than ACL Live.

In October 2021, we entered into new agreements to sell Block 21 to Ryman Hospitality Properties, Inc. (Ryman) for $260.0 million. The purchase price includes the purchaser's assumption of approximately $138 million of existing Block 21 mortgage debt and is subject to downward adjustments up to $5.0 million. The remainder of the purchase price will be paid in cash. The sale of Block 21 would eliminate our Hotel and Entertainment segments. As a result, our hotel and entertainment operations, as well as the leasing operations associated with Block 21, are reported as discontinued operations for all periods presented in the financial statements included in this Form 10-K. We previously announced agreements to sell Block 21 to Ryman for $275.0 million in December 2019, which were terminated in May 2020 by Ryman due to the intervening COVID-19 pandemic. As a result of the termination, Ryman forfeited $15.0 million of earnest money to us.

The transaction is expected to close sometime prior to June 1, 2022, subject to the timely satisfaction or waiver of various closing conditions, including the consent of the loan servicers to the purchaser's assumption of the existing mortgage loan, the consent of the hotel operator, an affiliate of Marriott, to the purchaser's assumption of the hotel operating agreement, the absence of a material adverse effect, and other customary closing conditions. The Block 21 purchase agreement will terminate if all conditions to closing are not satisfied or waived by the parties. Ryman has deposited $5.0 million in earnest money to secure its performance under the agreements governing the sale. Of the total purchase price, $6.9 million will be held in escrow for 12 months after the closing, subject to a longer retention period with respect to any required reserve for pending claims. We expect to record a pre-tax gain of approximately $120 million upon the closing of the sale (approximately $95 million after-tax). We expect the net sale proceeds before taxes to be approximately $115 million and the after-tax proceeds to be approximately $90 million before prorations and including post-closing escrow amounts. Refer to "Discontinued Operations" in MD&A and Note 4 for further discussion.

Sales of The Santal and The Saint Mary

In December 2021, one of our wholly owned subsidiaries sold The Santal, a 448-unit luxury garden-style multi-family project located in Barton Creek in Austin, Texas, for $152.0 million. After closing costs and payment of the outstanding project loan, the sale generated net proceeds of approximately $74 million. We recorded a pre-tax gain on sale of $83.0 million in 2021.

In January 2021, one of our subsidiaries sold The Saint Mary, a 240-unit luxury garden-style multi-family project in the Circle C community in Austin, Texas, for $60.0 million. After closing costs and payment of the outstanding construction loan, the sale generated net proceeds of approximately $34 million. After establishing a reserve for remaining costs of the partnership, we received $21.9 million from the subsidiary in connection with the sale and $12.2 million of the net proceeds were distributed to the noncontrolling interest owners. We recorded a pre-tax gain on sale of $22.9 million ($16.2 million net of noncontrolling interests) in 2021.

Overview of the Impacts of the COVID-19 Pandemic

For an overview of the impacts of the pandemic on our business, see "Overview of the Impacts of the COVID-19 Pandemic" in MD&A.

Continuing Operations

Real Estate Operations. Our real estate operations segment is comprised of our operations with respect to our properties under various stages of development: developed for sale, under development and available for development. As part of our real estate operations, we acquire, entitle, develop and sell properties, focused on the Austin, Texas area and other select, fast-growing markets in Texas. We also develop properties that we hold for lease, which become part of our leasing operations. See Note 10 for a description of the properties included in our real estate operations and leasing operations segments. These properties are described in more detail below and in MD&A.

We develop properties on our own and also through joint ventures in which we partner with third-party equity investors, serve as general partner, receive fees for development and asset management and may receive a preferred return after negotiated returns are reached. We may develop projects on land we have owned for many years, such as in Barton Creek in Austin, Texas, or on land that we purchase to develop in the near future, such as The Saint George and The Annie B projects described herein. We may enter into land purchase contracts in which we obtain the right, but not the obligation, to buy land at an agreed-upon price within a specified period of time. These contracts generally limit our financial exposure to our earnest money deposited into escrow and pre-acquisition diligence and planning costs we incur.

We engage and manage third-party general contractors to construct our projects on a fixed-price basis. Our employees oversee extensive work done by individuals and companies we engage as consultants for services including site selection, obtaining entitlements, architecture, engineering, landscaping and land preservation, design, sustainability, and developing and implementing marketing and sales plans.

The acreage under development and undeveloped as of December 31, 2021, that comprise our real estate operations other than real estate held for sale is presented in the following table.

- Acreage under development includes real estate for which infrastructure work over the entire property has been completed, is currently being completed or is able to be completed and for which necessary permits have been obtained.
- Undeveloped acreage is presented according to anticipated uses for multi-family units, single-family lots and commercial space based upon our understanding of the properties' existing entitlements. However, because of the nature and cost of the approval and development process and uncertainty regarding market demand for a particular use, there is no assurance that the undeveloped acreage will ever be developed. Undeveloped acreage (i.e., development work is not currently in progress on such property) includes real estate that can be sold "as is."

	Acreage Under Development				Undeveloped Acreage				
	Single Family	Multi-family	Commercial	Total	Single Family	Multi-family	Commercial	Total	Total Acreage
Austin:									
Barton Creek[a]	13	36	—	49	512	225	394	1,131	1,180
Circle C	—	—	—	—	—	21	216	237	237
Lantana	—	—	—	—	—	7	26	33	33
The Annie B	—	—	—	—	—	1	—	1	1
The Saint George	—	—	—	—	—	4	—	4	4
Other	—	—	—	—	7	—	—	7	7
Lakeway	—	—	—	—	35	—	—	35	35
Magnolia Place	—	—	36	36	59	25	4	88	124
Jones Crossing	—	—	—	—	—	21	23	44	44
Kingwood Place	—	—	—	—	—	10 [b]	11	21	21
West Killeen Market	—	—	—	—	—	—	2	2	2
New Caney	—	—	—	—	—	10	28	38	38
Other	—	—	—	—	—	—	2	2	2
Total	13	36	36	85	613	324	706	1,643	1,728

a. See "Properties – Barton Creek" below for a discussion of our properties within Barton Creek.

b. In September 2021, Stratus entered into a contract to sell the multi-family tract of land at Kingwood Place for $5.5 million, expected to close by mid-2022.

Revenue from our real estate operations segment accounted for 30 percent of our total revenue for 2021 and 51 percent for 2020.

The following table summarizes the estimated development potential of our acreage under development and undeveloped acreage as of December 31, 2021:

	Single Family	Multi-family	Commercial
	(lots)	(units)	(gross square feet)
Barton Creek[a]	504	1,594	1,648,891
Circle C	—	56	660,985
Lantana	—	306	160,000
The Annie B	—	304	8,325
The Saint George	—	317	—
Lakeway	100	—	—
Magnolia Place	194	500	34,987
Jones Crossing	—	275	104,750
Kingwood Place	—	275 [b]	—
New Caney	—	275	145,000
Other	1	6	7,285
Total	799	3,908	2,770,223

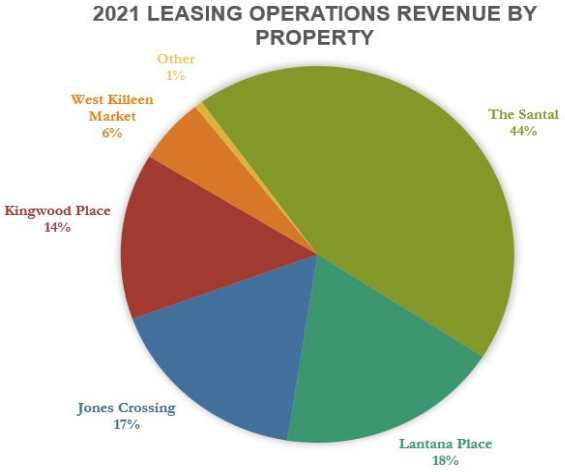
a. See "Properties – Barton Creek – Holden Hills" and "Properties – Barton Creek – Section N" below for further discussion of ongoing development planning that may result in increased densities for single-family, multi-family and commercial properties.

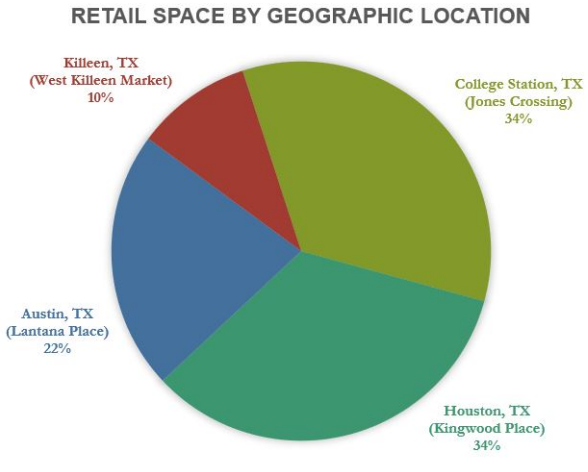
b. In September 2021, Stratus entered into a contract to sell the multi-family tract of land at Kingwood Place for $5.5 million, expected to close by mid-2022.

Leasing Operations. Our leasing operations primarily involve the lease of space at retail and mixed-use properties that we developed and the lease of residences in multi-family projects that we developed. We engage third-party leasing and property management companies to manage our leased operations. Tenants in our retail and mixed-use projects are diverse and include grocery stores, restaurants, healthcare services, fitness centers, a movie theater, and other retail products and services.

Our principal leasing operations at December 31, 2021, consisted of (1) a 154,117-square-foot retail property representing the first phase of Jones Crossing, (2) a 151,855-square-foot mixed-use project at Kingwood Place, (3) a 99,379-square-foot mixed-use development representing the first phase of Lantana Place, and (4) a 44,493-square-foot retail complex at West Killeen Market. As discussed above, in December 2021 we sold The Santal and in January 2021 we sold The Saint Mary, which were both multi-family projects included in our leasing operations.

Revenue from our leasing operations segment accounted for 70 percent of our total revenue for 2021 and 49 percent for 2020. See the charts below for our leasing revenue by property during 2021 and our developed square feet of retail space by geographic location as of December 31, 2021.





Our retail leasing properties had average rentals of $20.86 per square foot as of December 31, 2021, compared to $18.02 per square foot as of December 31, 2020. Our scheduled expirations of leased retail square footage as of December 31, 2021, as a percentage of total space leased is 2 percent in 2023, 5 percent in 2024, 1 percent in 2025, and 92 percent thereafter.

For further information about our operating segments see “Results of Operations” in MD&A. See Note 10 for a summary of our revenues, operating income and total assets by operating segment.

Properties

Our properties are primarily located in the Austin, Texas area, but include properties in other select markets in Texas. Substantially all of our properties are encumbered pursuant to the terms of our debt agreements. See Note 6 for further discussion. Our Austin-area properties include the following:

Barton Creek
We have several properties that are located in the Barton Creek community, which is a 4,000-acre upscale community located southwest of downtown Austin.

Amarra Drive. Amarra Drive is a subdivision featuring lots ranging from one to over five acres. In 2008, we completed the development of the Amarra Drive Phase II subdivision, which consists of 35 lots on 51 acres. We sold the last seven lots in 2020.

In 2015, we completed the development of the Amarra Drive Phase III subdivision, which consists of 64 lots on 166 acres. In 2021, we sold 3 lots and in 2020 we sold 12 lots and 2 homes built on Phase III lots. As of December 31, 2021, two developed Phase III lots remained unsold.

Amarra Multi-family and Commercial. We also have multi-family and commercial lots in the Amarra development of Barton Creek. The Amarra Villas and The Saint June, both described below, are being developed on two of these multi-family lots. During 2021, we sold a 5-acre multi-family tract of land. As of December 31, 2021, we have two remaining undeveloped multi-family lots and one undeveloped commercial lot in inventory.

Amarra Villas. The Villas at Amarra Drive (Amarra Villas) is a 20-unit project within the Amarra development for which we completed site work in 2015. The homes average approximately 4,400 square feet and are being marketed as “lock and leave” properties, with golf course access and cart garages. Construction of the first seven homes was completed during 2017 and 2018. We sold the last two completed homes in 2019. We began construction on the next two Amarra Villas homes during the first quarter of 2020, which are expected to be completed in mid-2022. In 2021, we began construction of one additional home and in March 2022, we began construction on another two homes. As of March 28, 2022, two homes were under contract to sell (one which we began construction on in 2020 and one which we began construction on in 2021). As of March 28, 2022, a total of 11 units (3 of which are under construction and 8 on which construction has not started) remain available for sale of the initial 20-unit project.

The Saint June. In third-quarter 2021, we began construction on The Saint June, a 182-unit luxury garden-style multi-family project within the Amarra development. The Saint June is being built on approximately 36 acres and is expected to be comprised of multiple buildings featuring one, two and three bedroom units for lease with amenities that include a resort-style clubhouse, fitness center, pool and extensive green space. The first units of The Saint June are currently expected to be completed in third-quarter 2022 with completion of the project expected in first-quarter 2023. We expect this property to achieve an Austin Energy Green Building rating. We own this project through a limited partnership with a third-party equity investor. See Note 2 for further discussion.

Holden Hills. Our final large residential development within the Barton Creek community, Holden Hills, consists of 495 acres and the community is designed to feature 475 unique residences to be developed in multiple phases with a focus on health and wellness, sustainability and energy conservation. Phases I and II of the Holden Hills development plan encompass the development of the home sites. We anticipate securing final permits to start construction in September 2022. Subject to obtaining financing, we currently expect to complete site work for Phase I, including the construction of road, utility, drainage and other required infrastructure, approximately 17 months from the issuance of our final permits. Accordingly, our projections anticipate that we could begin closing sales of home sites in Holden Hills in mid-2024. We may sell the developed home sites, or may elect to build and sell, or build and lease, homes on some or all of the home sites, depending on financing and market conditions.

Section N. Using a conceptual approach similar to that used for Holden Hills, we are also evaluating a redesign of Section N, our approximately 570-acre tract located along Southwest Parkway in the southern portion of the Barton Creek community. If successful, this new project would be designed as a dense, mid-rise, mixed-use project surrounded by an extensive greenspace amenity, resulting in a significant potential increase in development density, as compared to our prior plans.

Circle C community

The Circle C community is a master-planned community located in Austin, Texas. In 2002, the city of Austin granted final approval of a development agreement (the Circle C settlement), which firmly established all essential municipal development regulations applicable to our Circle C properties until 2032. See Note 9 for a summary of incentives we received in connection with the Circle C settlement.

We are developing the Circle C community based on the entitlements secured in the Circle C settlement. The Circle C settlement, as amended in 2004, permits development of 1.16 million square feet of commercial space, 504 multi-family units and 830 single-family residential lots. As of December 31, 2021, our Circle C community had remaining entitlements for 660,985 square feet of commercial space and 56 multi-family units.

Lantana
Lantana is a community south of Barton Creek in Austin. As of December 31, 2021, we had remaining entitlements for 160,000 square feet of commercial use and 306 multi-family units on 33 acres. Regional utility and road infrastructure is in place with capacity to serve Lantana at full build-out as permitted under our existing entitlements.

Lantana Place. Lantana Place is a partially developed, mixed-use development project within the Lantana community. We completed construction of the 99,379-square-foot first phase of Lantana Place in 2018. We previously entered into a ground lease with a hotel operator in connection with its development of an AC Hotel by Marriott, which opened in November 2021. As of December 31, 2021, we had signed leases for approximately 85 percent of the retail space, including the anchor tenant, Moviehouse & Eatery, and a ground lease for an AC Hotel by Marriott. Subject to financing, we expect to begin construction of the Lantana Place multi-family development in third-quarter 2022 with expected completion in mid-2024.

The Annie B
In September 2021, we announced plans for The Annie B, a proposed luxury high-rise rental project in downtown Austin. Based on preliminary plans, The Annie B would be developed as a 400-foot tower, consisting of approximately 420,000 square feet with 304 luxury multi-family units for lease and ground level retail. The project includes the historic AO Watson house, which will be renovated and expanded to offer amenities that may include a restaurant, pool and garden, while preserving the property's historic and architectural features. We closed the land purchase in September 2021, and we expect to finalize development plans and development financing over the next 12 months. The Annie B is expected to achieve an Austin Energy Green Building rating. We own this project through a limited partnership with third-party equity investors. See Note 2 for further discussion.

The Saint George
In December 2021, we purchased the land for The Saint George in north-central Austin. The Saint George is a proposed luxury wrap-style multi-family project to be constructed on approximately 4 acres with approximately 317 units comprised of studio, one and two bedroom units and an attached parking garage. We completed equity financing for the project in December 2021, and are in the process of negotiating a construction loan. While we continue the planning for the project and obtaining the entitlement and permit approvals, we currently expect to begin construction by mid-2022 and to achieve substantial completion by mid-2024. We own this project through a limited partnership with a third-party equity investor. See Note 2 for further discussion.

Lakeway
We own approximately 35 acres of undeveloped property in Lakeway, Texas located in the greater Austin area, which is zoned for single-family use. We are working with the city of Lakeway to adjust the density of our entitlements. See Note 9 for discussion of our sale of The Oaks at Lakeway in 2017.

Our other Texas properties include:

Magnolia Place
In August 2021, we announced new development plans for Magnolia Place, an H-E-B, L.P. (H-E-B) grocery shadow-anchored, mixed-use project in Magnolia, Texas. We began construction on the first phase of development of Magnolia Place in August 2021. Magnolia Place is currently planned to consist of 4 retail buildings totaling approximately 35,000 square feet, 5 retail pad sites to be sold or ground leased, 194 single-family lots and approximately 500 multi-family units. The first phase of development consists of 2 retail buildings totaling 18,987 square feet, all 5 pad sites, and the road, utility and drainage infrastructure necessary to support the entire development. The first two retail buildings are expected to be available for occupancy in third-quarter 2022. In mid-2021, H-E-B began construction on its 95,000-square-foot grocery store on an adjoining 18-acre site owned by H-E-B, which is expected to open in second-quarter 2022. We are evaluating a sale of a portion of the land for the single-family and multi-family residential components.

Jones Crossing
In 2017, we acquired a 72-acre tract of land in College Station, Texas, for Jones Crossing, an H-E-B-anchored, mixed-use project. We have a 99-year ground lease with the property owner. Construction of the first phase of the retail component of the Jones Crossing project was completed in 2018, consisting of 154,117 square feet. The H-E-B grocery store opened in September 2018, and, as of December 31, 2021, we had signed leases for 95 percent of the completed retail space, including the H-E-B grocery store. As of December 31, 2021, we had approximately 23 undeveloped commercial acres with estimated development potential of approximately 104,750 square feet of

commercial space and 5 vacant pad sites. We continue to evaluate options for the 21-acre multi-family component of this project.

Kingwood Place
In 2018, we purchased a 54-acre tract of land in Kingwood, Texas (in the greater Houston area) to be developed as Kingwood Place, an H-E-B-anchored, mixed-use development project. The Kingwood Place project includes approximately 152,000 square feet of retail lease space, anchored by a 103,000-square-foot H-E-B grocery store, and 5 pad sites. Construction of two retail buildings, totaling approximately 41,000 square feet, was completed in August 2019, and the H-E-B grocery store opened in November 2019. An 8,000-square-foot retail building was completed in June 2020 on one pad site. We have signed ground leases on four pad sites, and one pad site remains available for lease. As of December 31, 2021, we had signed leases for approximately 85 percent of the completed retail space, including the H-E-B grocery store. We own this project through a limited partnership with third-party equity investors. See Note 2 for further discussion.

Kingwood Place also includes a 10-acre parcel currently planned for approximately 275 multi-family units. In September 2021, we entered into a contract to sell the multi-family tract of land at Kingwood Place for $5.5 million. If consummated, the sale is expected to close in mid-2022.

West Killeen Market
In 2015, we acquired approximately 21 acres in Killeen, Texas, to develop the West Killeen Market project, an H-E-B shadow-anchored retail project and sold 11 acres to H-E-B. The project encompasses 44,493 square feet of commercial space and 3 pad sites adjacent to a 90,000 square-foot H-E-B grocery store. Construction at West Killeen Market was completed and the H-E-B grocery store opened in 2017. As of December 31, 2021, we had signed leases for approximately 70 percent of the retail space at West Killeen Market and only one unsold pad site remains.

New Caney
In 2018, we purchased a 38-acre tract of land, in partnership with H-E-B, in New Caney, Texas, for the future development of an H-E-B-anchored, mixed-use project. Subject to completion of development plans, we currently expect the New Caney project will include restaurants and retail services, totaling approximately 145,000 square feet (inclusive of the H-E-B grocery store), 5 pad sites and a 10-acre multi-family parcel planned for approximately 275 multi-family units. We finalized the lease for the H-E-B grocery store in March 2019, and upon execution of this lease, we acquired H-E-B's interests in the partnership for approximately $5 million. We currently plan to commence construction of the New Caney project no earlier than 2024.

Our potential development projects require extensive additional permitting and will be dependent on market conditions and financing. Because of the nature and cost of the approval and development process and uncertainty regarding market demand for a particular use, there is uncertainty regarding the nature of the final development plans and whether we will be able to successfully execute the plans. In addition, our development plans for The Annie B, Holden Hills, Section N and the Lantana Place multi-family project will require significant additional capital, which we currently intend to pursue through bank debt and third-party equity capital arrangements, and we are in the process of negotiating a construction loan for The Saint George project.

Competition

We operate in highly competitive industries, namely the real estate development and leasing industries. Competition is also intense with respect to our discontinued operations, which include our hotel and entertainment businesses. See Part I, Item 1A. "Risk Factors" for further discussion of competitive factors relating to our businesses.

Credit Facility and Other Financing Arrangements

Obtaining and maintaining adequate financing is a critical component of our business. For information about our credit facility and other financing arrangements, see "Capital Resources and Liquidity - Credit Facility and Other Financing Arrangements" in MD&A and Note 6.

Regulation and Environmental Matters

Our real estate investments are subject to extensive local, city, county and state rules and regulations regarding permitting, zoning, subdivision, utilities and water quality as well as federal rules and regulations regarding air and water quality, and protection of endangered species and their habitats. Such regulation has delayed and may continue to delay development of our properties and may result in higher development and administrative costs. See Part I, Item 1A. “Risk Factors” for further discussion.

We have made, and will continue to make, expenditures for the protection of the environment with respect to our real estate development activities. Emphasis on environmental matters will result in additional costs in the future. Further, regulatory and societal responses intended to reduce potential climate change impacts may increase our costs to develop, operate and maintain our properties. Based on an analysis of our operations in relation to current and presently anticipated environmental requirements, we currently do not anticipate that these costs will have a material adverse effect on our future operations or financial condition.

Human Capital

At December 31, 2021, we had a total of 67 employees, 48 of which were full-time employees, located at our Austin, Texas headquarters. Of the 67 employees, 37 employees, including 18 full-time employees, were employed by our Block 21 subsidiary and are expected to become employees of the purchaser upon completion of the Block 21 sale transaction. We believe we have a good relationship with our employees, none of whom are represented by a union. We contract with a third party to provide the majority of the part-time staffing at our entertainment venues.

Since 1996, certain services necessary for our business and operations, including certain administrative, financial reporting and other services, have been performed by FM Services Company (FM Services) pursuant to a services agreement. FM Services is a wholly owned subsidiary of Freeport-McMoRan Inc. Either party may terminate the services agreement at any time upon 60 days' notice or earlier upon mutual written agreement.

Sustainability

We are committed to protecting the environment and developing sustainable properties. We emphasize sustainable design, construction and operations as essential goals in developing and operating our properties. Our projects begin with a careful site assessment, taking into account unique and environmentally sensitive site features, including vegetation, slopes, soil profiles and water resources. Our sites are then engineered to protect our environment and promote their natural attributes. Our buildings and homes are designed to take full advantage of each site’s attributes, to incorporate energy efficient mechanical systems, and to create healthy and resilient living spaces. Construction of site infrastructure, buildings and homes is managed to make appropriate use of properly sourced materials and to utilize construction techniques that minimize impact on our natural environment and promote long-term sustainability. As a U.S. Green Building Council (USGBC) member, we work along with council members to transform the way buildings and communities are designed, built and operated with the goal of creating environmentally and socially responsible properties for a more sustainable life. For more than 15 years, we have partnered with leaders in sustainable development, engineering and design, including, among others, USGBC and The Center for Maximum Potential Building Systems. We have built a range of projects recognized as being on the leading edge of sustainable practices, including Block 21, the first mixed-use high rise tower in Austin to receive the USGBC LEED (Leadership in Energy & Environmental Design) Silver certification, and many of our residential communities and retail developments. For example, our former property The Saint Mary was approved for the Austin Green Building Program and we expect The Saint June and The Annie B to achieve Austin Energy Green Building ratings as well. Our Holden Hills residential development is being designed to focus on health and wellness, sustainability and energy conservation. We believe that our markets recognize our environmental stewardship and will continue to reward thoughtful and sustainable development.

Item 1A. Risk Factors

This report contains "forward-looking statements" within the meaning of the United States (U.S.) federal securities laws. Forward-looking statements are all statements other than statements of historical fact, such as plans, projections or expectations. For additional information, see "Cautionary Statement" in Items 7. and 7A. Management's Discussion and Analysis of Financial Condition and Results of Operations and Quantitative and Qualitative Disclosures About Market Risk.

We undertake no obligation to update our forward-looking statements, which speak only as of the date made, notwithstanding any changes in our assumptions, business plans, actual experience, or other changes. We caution readers that forward-looking statements are not guarantees of future performance, and our actual results may differ materially from those anticipated, expected, projected or assumed in the forward-looking statements. Important factors that can cause our actual results to differ materially from those anticipated in the forward-looking statements are discussed below. Investors should carefully consider the risks described below in addition to the other information set forth in this Annual Report on Form 10-K. The risk factors described herein are not all of the risks we may face. Other risks not presently known to us or that we currently believe are immaterial may materially and adversely affect our business if they occur, and the trading price of our securities could decline, and you may lose part or all of your investment. Moreover, new risks emerge from time to time. Further, our business may also be affected by general risks that apply to all companies operating in the U.S., which have not been included.

Risks Relating to the Pending Sale of Block 21

The closing of the pending sale of Block 21 is subject to various risks and uncertainties, may not be completed in accordance with expected plans, on the currently contemplated timeline, or at all, and the pending sale may be disruptive to the operations and profitability of our hotel and entertainment businesses.

As previously announced and discussed elsewhere in this report, on October 26, 2021, we entered into new agreements to sell Block 21 to Ryman Hospitality Properties, Inc. (Ryman) for $260.0 million, subject to downward adjustments up to $5.0 million. The properties and operations of Block 21 constitute all of the properties and operations of our hotel and entertainment businesses.

The Block 21 transaction is currently targeted to close sometime prior to June 1, 2022, subject to the timely satisfaction or waiver of various closing conditions, including the consent of the loan servicer to the purchaser's assumption of the existing mortgage loan; the consent of the hotel operator, an affiliate of Marriott, to the purchaser's assumption of the hotel operating agreement; the absence of a material adverse effect; and other customary closing conditions. Ryman has deposited $5.0 million in earnest money to secure its performance under the agreements governing the sale. If the conditions to the closing of the sale of Block 21 are neither timely satisfied nor, where permissible, waived on a timely basis or at all, we may be unable to complete the sale of Block 21 or such completion may be delayed beyond our expected timeline for the sale.

Whether or not the proposed sale of Block 21 is completed, the prior announcement and current pendency of the sale may be disruptive to Block 21's businesses and may adversely affect current or prospective relationships with guests, customers, employees, suppliers and tenants. Uncertainties related to the pending sale could divert the attention of management and other employees from the day-to-day operations of Block 21 in preparation for and during the completion of the sale. If we are unable to effectively manage these risks, Block 21's businesses, results of operations, financial condition and prospects could be adversely affected.

If the proposed sale of Block 21 is delayed or not completed for any reason, we will have expended significant management resources in an effort to complete the sale and will have incurred significant transaction costs. Accordingly, if the proposed sale of Block 21 is not completed on the terms set forth in the definitive agreements governing the sale, or at all, our business, results of operations, financial condition, cash flows and stock price may be adversely affected.

We cannot provide assurances that the sale of Block 21 will result in additional value being realized by our shareholders.

If completed, the sale of Block 21 is anticipated to provide us with substantial net cash proceeds. Our remaining businesses would consist of our traditional real estate operations segment and the remainder of our leasing operations segment. We are evaluating options for the use of the net proceeds of the sale and for our future real estate and leasing operations.

We cannot assure you that we will be able to redeploy the capital we obtain from the sale of Block 21 in a way that would result in additional value to our shareholders, or that we will engage in any transaction or transactions that will result in our shareholders realizing additional value from the sale.

Further, in order to secure our subsidiaries' responsibilities for the accuracy of certain representations and warranties in the agreements governing the sale of Block 21, $6.9 million will be held in escrow for 12 months after the closing, subject to a longer retention period with respect to any required reserve for pending claims. We cannot assure you that we will eventually receive all or any of the amounts held in escrow.

Risks Relating to our Indebtedness

We need significant amounts of cash to service our debt. If we are unable to generate sufficient cash to service our debt, our liquidity, financial condition and results of operations could be negatively affected.

Our industry is capital-intensive and requires significant up-front expenditures to secure land and pursue development and construction. We have relied on cash flow from operations and our debt agreements as our primary sources of funding. We have also relied on third-party project-level equity financing of our subsidiaries, which increased during 2021. As of December 31, 2021, our outstanding debt totaled $106.6 million and our cash and cash equivalents totaled $24.2 million, excluding $136.7 million of debt and $9.2 million of cash and cash equivalents associated with Block 21 included in discontinued operations. Our level of indebtedness could have significant adverse consequences. For example, it could:

- Increase our vulnerability to adverse changes in economic and industry conditions;
- Require us to dedicate a substantial portion of our cash flow from operations and proceeds from asset sales to pay or provide for our indebtedness, thus reducing the availability of cash flows to fund working capital, development projects, capital expenditures, land acquisitions and other general corporate purposes;
- Limit our flexibility to plan for, or react to, changes in our business and the markets in which we operate;
- Force us to dispose of one or more of our properties, possibly on unfavorable terms;
- Place us at a competitive disadvantage to our competitors that have less debt;
- Limit our ability to obtain future financing to fund our working capital, our development activities, capital expenditures, debt service requirements and other financing needs; and/or
- Limit our ability to refinance our indebtedness at maturity or cause the refinancing terms to be less favorable than the terms of our original indebtedness.

Our ability to make scheduled debt service payments or to refinance our indebtedness depends on our future operating and financial performance, which is subject to economic, financial, competitive and other factors beyond our control, including risks related to the COVID-19 pandemic and the war in Ukraine. Historically, much of our debt has been renewed or refinanced in the ordinary course of business. Our inability to extend, repay or refinance our debt when it becomes due, including upon a default or acceleration event, could allow our lenders to declare all amounts outstanding under the loans due and payable, seek to foreclose on the collateral securing the loans and/or seek to force us into involuntary bankruptcy proceedings. In addition, any difficulty in obtaining sufficient capital for planned development expenditures could also cause project delays, which could increase our costs, or could cause us to abandon projects already underway. There can be no assurance that we will generate cash flow from operations in an amount sufficient to enable us to service our debt, make necessary capital expenditures, or to fund our other liquidity needs.

Our current financing arrangements contain, and our future financing arrangements likely will contain, financial and restrictive covenants, and the failure to comply with such covenants could result in a default that accelerates the required payment of such debt.

The terms of the agreements governing our indebtedness include restrictive covenants, including covenants that require that certain financial ratios be maintained. The debt arrangements that we and our subsidiaries have contain significant limitations that may restrict the ability of us and our subsidiaries to, among other things: borrow additional money or issue guarantees; pay dividends, repurchase equity or make other distributions to equityholders; make loans, advances or other investments; create liens on assets; sell assets; enter into sale-leaseback transactions; enter into transactions with affiliates; permit a change of control; sell all or substantially all of our assets; and engage in mergers, consolidations or other business combinations. See "Capital Resources and Liquidity" in Part II, Items 7. and 7A. and Note 6 for additional discussion of restrictive covenants in our debt agreements.

Failure to comply with any of the restrictive covenants in our loan documents could result in a default that may, if not cured or waived, accelerate the payment under our debt obligations which would likely have a material adverse effect on our liquidity, financial condition and results of operations. We may not be able to obtain waivers or modifications of covenants from our lenders and lenders may require fees or higher interest rates to grant any such requests. Certain of our debt arrangements have cross-default or cross-acceleration provisions, which could have a wider impact on liquidity than might otherwise arise from a default or acceleration of a single debt instrument. We cannot assure you that we could adequately address any such defaults, cross-defaults or acceleration of our debt payment obligations in a sufficient or timely manner, or at all. Our ability to comply with our covenants will depend upon our future economic performance. These covenants may adversely affect our ability to finance our future operations, satisfy our capital needs or engage in other business activities that may be desirable or advantageous to us.

In order to maintain compliance with the covenants in our debt agreements and carry out our business plan, we may need to raise additional debt or equity capital, including project-level equity financing of our subsidiaries. Such additional funding may not be available on acceptable terms, if at all, when needed. If new debt is added to our current debt levels, the risks described above could intensify.

Risks Relating to our Business and Industries

The ongoing COVID-19 pandemic has had an adverse impact on us, particularly our hotel and entertainment businesses, which may continue.

In March 2020, COVID-19 was declared a pandemic by the World Health Organization. The pandemic and the public health response to minimize its impact have had significant disruptive effects on global economic and market conditions. Beginning in the first quarter of 2020, government responses to the pandemic included mandated closures of businesses not deemed essential, closures of schools and public buildings, stay-at-home orders, mask mandates and crowd restrictions, and individuals and businesses adopted self-imposed restrictions in an effort to protect their health and the health of their employees. During 2020 and 2021, the U.S. experienced multiple periods of declines followed by resurgences of new cases, leading to cycles of tightening and subsequent lessening of governmental and voluntary restrictions. During 2021, the impacts of the pandemic began to lessen as vaccines became widely available in the U.S. during the first quarter of 2021, although there have been periodic increases in the number of cases in the U.S. as a result of vaccine hesitancy and the spread of COVID-19 variants. In March 2021, the Governor of Texas lifted the mask mandate in Texas and increased the capacity of all businesses and facilities in the state to 100 percent. While the U.S. economy generally improved in 2021 compared to 2020, many industries, including ours, have been experiencing supply chain disruptions and labor shortages. Inflation, including energy costs, has also increased significantly.

The pandemic had an adverse impact on our business and operations, particularly our hotel and entertainment businesses' revenues, profitability and cash flows. Our hotel experienced low average occupancy in 2020 and 2021, rising to 52 percent in the fourth quarter of 2021. Our entertainment venues, ACL Live and 3TEN ACL Live, had only a limited number of events in 2020 and the first eight months of 2021, until opening up to full capacity in August 2021. The pandemic resulted in a "Trigger Period" under our project loan for Block 21, which restricts our ability to receive cash distributions from Block 21, and we have contributed cash to Block 21 to meet its obligations. Our former agreements entered into in 2019 to sell Block 21 to Ryman were terminated by Ryman in May 2020 as a result of the negative impact on capital markets and the overall economic environment caused by the COVID-19 pandemic at the time. In our leasing operations, we proactively engaged with our project lenders in connection with

formulating rent deferral arrangements for our tenants during 2020, and obtaining concessions under our loan agreements. Other impacts of the pandemic are described throughout this report. As the pandemic continues to evolve, we cannot predict the extent to which individuals and businesses may voluntarily restrict their activities, the extent to which governments may reinstitute restrictions, nor the extent to which evolving pandemic developments may have an adverse impact on the economy or our business. Some or all of the effects of the pandemic described above may continue, recur or worsen and there may be other effects that we do not anticipate. Further, any future major public health crisis could have a material adverse impact on our business, results of operations and financial condition.

A decline in general economic conditions, particularly in Austin, Texas, could harm our business.

Periods of economic uncertainty, weakness or recession; declining employment levels; declining consumer confidence and spending; declining access to capital; global instability; or the public perception that any of these events or conditions may occur, be present or worsen, may negatively affect our business. These economic conditions can result in a general decline in real estate acquisition, disposition, development and leasing activity, a general decline in the value of real estate and in rents, and increases in tenant defaults. Our business is especially sensitive to economic conditions in Austin, Texas, where the majority of our properties are located. As a result of a decline in economic conditions, the value of our real estate may be reduced, increasing the risk for asset impairments, our development projects may be delayed or we may experience a decline in demand for our real estate, and we could realize losses or diminished profitability. Russia began a full-scale invasion of Ukraine on February 24, 2022, causing global economic disruptions including increases in energy prices, and the ultimate impact of the war on global economic conditions and on our business cannot yet be determined.

Increases in inflation and interest rates raises our costs.

Inflation reached a near 40-year high in late 2021, and continued to be high in early 2022, driven in large part by the COVID-19 pandemic. As the economy in the U.S. generally improved and demand increased during 2021 compared to 2020, supply and labor shortages contributed to rising prices. As 2021 progressed, we experienced increases in costs of land, construction materials and labor, and those costs may increase further if inflation accelerates. Inflationary pressures have been exacerbated in 2022 by the war in Ukraine. In addition, significant inflation is often accompanied by higher interest rates. Interest rates in the U.S. generally began rising over the last few months, and may increase further. Our consolidated debt at December 31, 2021, was $106.6 million, the majority of which was variable-rate debt, excluding debt associated with Block 21, which is fixed-rate and included in discontinued operations. An increase in interest rates increases our interest costs and increases the costs of refinancing existing debt and incurring new debt, which adversely affects our profits and cash flow.

We are vulnerable to concentration risks because our operations are primarily located in the Austin, Texas area.

Our real estate operations are primarily located in the Austin, Texas area. While our real estate operations have expanded to include select markets in Texas outside of the Austin area, the geographic concentration of the majority of our operations and of the properties we may have under development at any given time means that our business is more vulnerable to local economic, regulatory, adverse weather and other conditions than the businesses of larger, more diversified companies. The performance of the Austin area's economy and our other select markets in Texas greatly affects our revenue and the values of our properties. We cannot assure you that these markets will continue to grow or that underlying real estate fundamentals will continue to be favorable in these markets. See “Overview of Financial Results for 2021 - Real Estate Market Conditions” in Part II, Items 7. and 7A. for more information.

We could be impacted by our investments through joint ventures, which involve risks not present in investments in which we are the sole owner.

During 2021, we increased our use of third-party equity financing of our subsidiaries’ development projects. We may continue to fund development projects through the use of such joint ventures. Joint ventures involve risks including but not limited to the possibility the other joint venture partners may possess the ability to take or force action contrary to our interests or withhold consent contrary to our requests, have business goals which are or become inconsistent with ours, or default on their financial obligations to the joint venture, which may require us to fulfill the joint venture’s financial obligations as a legal or practical matter. We and our joint venture partners may each have the right to initiate a buy-sell arrangement, which could cause us to sell our interest, or acquire a joint venture

partner's interest, at a time when we otherwise would not have entered into such a transaction. In addition, a sale or transfer by us to a third party of our interests in the joint venture may be subject to consent rights or rights of first refusal in favor of our partners which would restrict our ability to dispose of our interest in the joint venture. Each joint venture agreement is individually negotiated, and our ability to operate, finance, or dispose of a joint venture project in our sole discretion is limited to varying degrees depending on the terms of the applicable joint venture agreement. See Note 2 for further discussion of our investments in joint ventures.

Adverse weather conditions, public safety issues, political instability, and other potentially catastrophic events in our Texas markets could adversely affect our business.

Adverse weather conditions, including natural disasters, public safety issues, political instability, and other potentially catastrophic events in our Texas markets may adversely affect our business, financial condition and results of operations. Adverse weather conditions may be amplified by the effects of climate change. These events may delay development activities, interrupt our leasing, hotel and entertainment operations, or damage property resulting in substantial repair or replacement costs to the extent not covered by insurance. Any of these factors could cause shortages and price increases in labor or raw materials, reduce property values, or cause a loss of revenue, each of which could have a material adverse effect on our business, financial condition and results of operations.

Our insurance coverage on our properties may be inadequate to cover any losses we may incur and our insurance costs may increase.

We maintain insurance on our properties, including business interruption, property, liability, fire and extended coverage. However, there are certain types of losses, generally of a catastrophic nature, such as floods or acts of war or terrorism that may be uninsurable or not economical to insure. Further, insurance companies often increase premiums, require higher deductibles, reduce limits, restrict coverage, and refuse to insure certain types of risks, which may result in increased costs or adversely affect our business. We use our discretion when determining amounts, coverage limits and deductibles, for insurance, based on retaining an acceptable level of risk at a reasonable cost. This may result in insurance coverage that, in the event of a substantial loss, would not be sufficient to pay the full current market value or current replacement cost of our lost investment. In addition, we may become liable for injuries and accidents at our properties that are underinsured. A significant uninsured loss or increase in insurance costs could materially and adversely affect our business, liquidity, financial condition and results of operations.

Loss of key personnel could negatively affect our business.

We depend on the experience and knowledge of our executive officers and other key personnel who guide our strategic direction and execute our business strategy, have extensive market knowledge and relationships and exercise substantial influence over our operations. Among the reasons that these individuals are important to our success is that each has a regional industry reputation that attracts business and investment opportunities and assists us in negotiations with lenders, existing and potential tenants, community stakeholders and industry personnel. The loss of any of our executive officers or other key personnel could negatively affect our business.

Our business may be adversely affected by information technology disruptions and cybersecurity breaches.

Many of our business processes depend on technology systems to conduct day-to-day operations and lower costs, and therefore, we are vulnerable to the increasing threat of information technology disruptions and cybersecurity breaches. These risks include, but are not limited to, installation of malicious software, phishing, ransomware, credential attacks, unauthorized access to data and other electronic security breaches that could lead to disruptions in systems, unauthorized release of confidential or otherwise protected information, employee theft or misuse and the corruption of data. Our systems are also vulnerable to damage or interruption from fire, floods, power loss, telecommunications failures, computer viruses, break-ins, and similar events. A significant theft, loss, loss of access to, or fraudulent use of guest, employee, or company data could adversely impact our reputation and could result in a loss of business, as well as remedial and other expenses, fines, and litigation. There can be no assurance that our security efforts and measures will be effective.

We have experienced targeted and non-targeted cybersecurity incidents in the past and may experience them in the future. While these cybersecurity incidents did not result in any material loss to us or interrupt our day-to-day operations as of March 28, 2022, there can be no assurance that we will not experience any such losses in the future. Further, as cybersecurity threats continue to evolve, we may be required to expend significant additional resources to continue to modify or enhance our protective measures or to investigate and remediate vulnerabilities to cybersecurity threats.

Failure to succeed in new markets may limit our growth.

We have acquired in the past, and we may acquire in the future, properties that are outside of the Austin, Texas area, which is our primary market. Our historical experience in existing markets does not ensure that we will be able to operate successfully in new markets. Entering into new markets exposes us to a variety of risks, including difficulty evaluating local market conditions and local economies, developing new business relationships in the area, competing with other companies that already have an established presence in the area, hiring and retaining personnel, evaluating quality tenants in the area, and a lack of familiarity with local governmental and permitting procedures. Furthermore, expansion into new markets may divert management's time and other resources away from our current primary market. As a result, we may not be successful in expanding into new markets, which could adversely impact our results of operations and limit our growth.

Part of our business strategy depends on maintaining strong relationships with key tenants and our inability to do so could adversely affect our business.

We have formed strategic relationships with key tenants as part of our overall strategy for particular development projects and may enter into other similar arrangements in the future. For example, our West Killeen Market, Jones Crossing, Kingwood Place, Magnolia Place and New Caney mixed-use development projects are each anchored by an H-E-B L.P. grocery store. Any deterioration in our relationship with H-E-B or our inability to form and retain strategic relationships with key tenants or enter into other similar arrangements in the future could adversely affect our business.

Risks Relating to Real Estate Operations

There can be no assurance that the properties in our development pipeline will be completed in accordance with the anticipated timing or cost.

We currently have several projects at various stages of development. The development of the projects in our pipeline is subject to numerous risks, many of which are outside of our control, including:

- inability to obtain entitlements;
- inability to obtain financing on acceptable terms;
- default by any of the contractors we engage to construct our projects;
- site accidents; and
- failure to secure tenants or residents in the anticipated time frame, on acceptable terms, or at all.

We can provide no assurances that we will complete any of the projects in our development pipeline on the anticipated schedule or within the budget, or that, once completed, these properties will achieve the results that we expect. If the development of these projects is not completed in accordance with our anticipated timing or cost, or the properties fail to achieve the financial results we expect, it could have a material adverse effect on our business, financial condition, results of operations and cash flows and ability to repay our debt, including project-related debt.

Risks associated with our ownership of substantial amounts of undeveloped land or land under development could adversely affect our business and financial results.

We own a substantial amount of undeveloped land and land under development. If demand for real estate, residential or multi-family properties deteriorates, we may not be able to develop or complete development of our land profitably, may not be able to fully recover the costs of some of the land we own, may choose to forfeit deposits on land controlled through options or purchase contracts, and may choose to sell land for prices lower than our costs, which may cause impairment charges or losses.

It may be difficult for us to sell our real estate at times and prices advantageous to us.

Real estate is a relatively illiquid asset. It may be difficult for us to sell our real estate quickly if the need or desire arises, at prices or on terms we find acceptable. This may limit our ability to make rapid adjustments in the size and content of our property assets in response to changes in economic or other conditions, may constrain our ability to pay our debts, and may lead to impairment charges or losses. See "Critical Accounting Policies" in Part II, Items 7. and 7A. for more information.

Significant competition could have an adverse effect on our business.

Our competitors include local developers who are committed primarily to particular markets and also regional and national developers who acquire and develop properties throughout the U.S. Many of our competitors are larger and financially stronger than we are, have more resources than we do, and have greater economies of scale and lower cost structures. If we fail to compete effectively, our business and profitability will be adversely affected.

Our business, results of operations, cash flows and financial condition are greatly affected by the performance of the real estate industry.

The U.S. real estate industry is highly cyclical and is affected by global, national and local economic conditions, general employment and income levels, availability of financing, interest rates, and consumer confidence and spending. Other factors impacting real estate businesses include over-building, a decline in brick-and-mortar retail industry, changes in traffic patterns, changes in demographic conditions, changes in tenant and buyer preferences and changes in government requirements, including tax law changes. These factors are outside of our control and may have a material adverse effect on our business, profits and the timing and amounts of our cash flows.

Our operations are subject to an intensive regulatory approval process and opposition from environmental and special interest groups, either or both of which could cause delays and increase the costs of our development efforts or preclude such developments entirely.

Real estate projects must generally comply with local land development regulations and may need to comply with state and federal regulations. Before we can develop a property, we must obtain a variety of approvals from local and state governments with respect to such matters as zoning and other land use entitlements and issues, and subdivision, site planning and environmental issues under applicable regulations. Obtaining all of the necessary permits and entitlements to develop a parcel of land is often difficult and costly, and may take several years or more to complete. In some situations, we may be unable to obtain the necessary permits and/or entitlements to proceed with a real estate development or may be required to alter our plans for the development. In addition, the zoning that ultimately is approved could include density provisions that would limit the number of homes and other structures that could be built within the boundaries of a particular area. Any of these may limit, delay or increase the costs of acquisition of land and development of our properties. Because government agencies and special interest groups have, in the past, expressed concerns about certain of our development plans, and in the future may express similar concerns, our ability to develop these properties and realize future income from our properties could be delayed, reduced, prevented or made more expensive. In addition, any failure to comply with these laws or regulations could result in capital or operating expenditures or significant financial penalties or restrictions on our operations that could adversely affect present and future operations or our ability to sell, and thereby, our financial condition, results of operations and cash flows.

Our operations are subject to environmental regulation, which can change at any time and could increase our costs. Further, increasing climate change concerns may increase our costs.

Real estate development is subject to state and federal environmental regulations and to possible interruption or termination because of environmental considerations, including, without limitation, air and water quality, and protection of endangered species and their habitats. In addition, in those cases where an endangered or threatened species is involved and agency rulemaking and litigation are ongoing, the outcome of such rulemaking and litigation can be unpredictable, and at any time can result in unplanned or unforeseeable restrictions on or even the prohibition of development in identified environmentally sensitive areas. Certain of our developments include habitats of endangered species. We have obtained the necessary permits from the U.S. Fish and Wildlife Service to allow the development of our properties. However, future endangered species listings or habitat designations could impact development of our properties.

Under various federal, state and local laws and regulations relating to the environment, as a current or former owner or operator of real property, we may be liable for costs and damages resulting from the presence or discharge of hazardous or toxic substances, waste or petroleum products at, on, in, under or migrating through such properties, whether generated from our property or other property, including costs to investigate and clean up such contamination and liability for harm to natural resources. The costs of removal or remediation, and the impact on the development potential and development timeline could be substantial. These laws often impose liability whether or not the owner or operator knew of, or was responsible for, the presence of any hazardous or toxic substances. Environmental laws also may impose restrictions on the manner in which a property may be used or businesses may be operated, and these restrictions may require substantial expenditures. Environmental laws provide for sanctions in the event of noncompliance and may be enforced by governmental agencies or, in certain circumstances, by private parties. Certain environmental laws and common law principles could be used to impose liability for release of and exposure to hazardous substances, including asbestos and other airborne contaminants. In addition, third parties may seek recovery from owners or operators of real properties for personal injury or property damage associated with exposure to released hazardous substances. The cost of defending against claims of liability, of compliance with environmental regulatory requirements, of remediating any contaminated property, or of paying personal injury claims could materially adversely affect our business, assets or results of operations.

From time to time, the Environmental Protection Agency and similar federal, state or local agencies review land developers' compliance with environmental laws and may levy fines and penalties for failure to strictly comply with applicable environmental laws or impose additional requirements for future compliance as a result of past failures. Any such actions taken with respect to us may increase our costs and result in project delays. We are making, and will continue to make, expenditures with respect to our real estate development for the protection of the environment. New environmental regulations or changes in existing regulations or their enforcement may be enacted and such new regulations or changes may require significant expenditures by us. The recent trend toward stricter standards in environmental legislation and regulations is likely to continue and could have a material adverse effect on our operating costs.

Further, regulatory and societal responses intended to reduce potential climate change impacts may increase our costs to develop, operate and maintain our properties, including but not limited to costs of building materials, energy and utility costs and insurance costs. If we are unable to adequately address such matters, it could negatively impact our reputation and our business.

Risks Relating to Leasing Operations

Unfavorable changes in market and economic conditions could negatively affect occupancy or rental rates, which could negatively affect our results of operations and ability to service our debt.

In 2021 and 2020, our leasing operations primarily involved the lease of retail space to tenants in a variety of businesses at retail and mixed-use properties that we developed, and the lease of residences in multi-family projects that we developed.

The average occupancy rates and rents at properties we develop and lease, particularly those that are newly constructed or have not stabilized, may fail to meet our original expectations for a number of reasons, including changes in market and economic conditions, the development by competitors of competing retail or housing

alternatives, or our inability to achieve stabilization of a property on schedule, any of which may result in increased construction and financing costs and a decrease in expected rental revenues.

A decline in real estate market and economic conditions could adversely affect occupancy or rental rates, which could adversely affect our profitability and our ability to satisfy our financial obligations. The risks that could affect conditions in our markets include the following:

- Local conditions in the market, such as an oversupply of, or decrease in demand for, retail space or residential rental properties, or increased competition from other available retail buildings or multi-family complexes;
- The inability or unwillingness of tenants to pay their current rent or rent increases; and
- Declines in market rental rates.

Our rental revenues may be lower as a result of lower average occupancy rates, increased turnover, reduced rental rates, increased concessions and potential increases in uncollectible rent. In addition, we continue to incur expenses such as maintenance costs, insurance costs and property taxes, whether or not a property is occupied. Further, we may experience increases in our operating expenses, some or all of which may be out of our control. We cannot predict with certainty whether any of these conditions will occur or whether, and to what extent, they will have an adverse effect on our operations.

We may be unable to achieve and sustain satisfactory occupancy and rental rates at our retail and mixed use projects.

We face competition in attracting tenants to choose our retail and mixed-use projects over those of other developers and owners of similar properties. Once entered into, our retail leases typically range from five to ten years or longer. We may be unable to renew existing leases as they come due. Adverse market or economic conditions that negatively impact our tenants’ businesses, particularly our anchor tenants, could adversely impact their ability to meet their obligations under the leases or to renew the leases. Additionally, the loss or failure to renew an anchor tenant may make it more difficult to lease or renew leases on the remainder of the affected properties. Our retail tenants face continual competition in attracting customers, often including from on-line competitors. If we are unable to lease our retail properties, collect rent payments from tenants or re-lease space on comparable or more favorable terms, such failure could have a material adverse effect on our financial condition and ability to service our debt obligations.

We may be unable to achieve and sustain satisfactory occupancy and rental rates at our multi-family properties.

We also face competition in attracting tenants to our multi-family projects, including from other multi-family properties as well as from condominiums and single-family homes available for rent or purchase. Once entered into, our multi-family leases are typically for a term of 12 months. As these leases typically permit the residents to leave at the end of the lease term without penalty, our rental revenues are impacted by declines in market rents more quickly than if our leases were for longer terms. Further, we may be unable to renew existing leases as they come due. Adverse economic conditions that negatively impact our tenants' employment could adversely impact our tenants' ability to pay rent and/or cause tenants and potential tenants to prefer housing alternatives with lower rents. In addition, economic developments that favor home ownership over renting, such as low or declining interest rates, favorable or improving mortgage terms or a strong or strengthening job market, could also have an adverse impact on the profitability of our multi-family properties.

Risks Relating to our Discontinued Operations - W Austin Hotel

An adverse change in external perceptions of the W Austin Hotel could negatively affect the hotel's results of operations.

Our W Austin Hotel is managed by W Hotel Management, Inc. a subsidiary of Starwood Hotels & Resorts Worldwide, Inc., which is a subsidiary of Marriott International, Inc. The hotel's ability to attract and retain guests depends, in part, upon the external perceptions and market recognition of the W hotel brand, of Starwood and Marriott as hotel operators and of the quality of the W Austin Hotel and its services. The reputation of the W Austin Hotel may be negatively affected if Marriott's or Starwood's reputations are damaged for any reason. In addition, we are required to spend money periodically to keep the property well maintained, modernized and refurbished in accordance with brand standards, which may be more costly than we anticipate.

The W Austin Hotel's revenues, profits or market share could be harmed if the W Austin Hotel is unable to compete effectively in the hotel industry in Austin.

The hotel industry in Austin is highly competitive. The W Austin Hotel competes for customers with other hotel and resort properties in Austin, ranging from national and international hotel brands to independent, local and regional hotel operators. We compete based on a number of factors, including quality and consistency of rooms, restaurant, bar and meeting facilities and services, attractiveness of location and price, and other amenities. Historically, the Austin market has had a limited number of high-end hotel accommodations. However, hotel capacity is being expanded by other hotel operators in Austin, including several properties in close proximity to the W Austin Hotel in downtown Austin. Furthermore, travelers can book stays on websites that facilitate the short-term rental of homes and apartments from owners, thereby providing an alternative to hotel rooms. Increased internet bookings of alternatives to hotel rooms could have an adverse effect on our hotel's occupancy, average daily rate and revenue per available room.

The W Austin Hotel is subject to the business, financial and operating risks common to the hotel industry, any of which could reduce its revenues and profitability.

Business, financial and operating risks common to the hotel industry include:

- Changes in desirability of the hotel's location in Austin as a travel destination;
- Decreases in the demand for hotel rooms and related lodging services in general, including a reduction in travel as a result of the spread of illnesses, pandemics or epidemics, such as COVID-19, alternatives to in-person meetings (including virtual meetings), increases in energy costs and other expenses affecting travel, decreased airline capacities and routes and the financial condition of the airline, automotive, and other transportation-related industries and its impact on travel;
- Over-building of hotels;
- Seasonal and cyclical volatility;
- Increases in fixed costs, including increases in commercial property taxes and insurance;
- Decreased corporate, governmental or convention travel-related spending;
- The quality of the services provided by the hotel and investments in the maintenance and improvement of the hotel;
- The costs and administrative burdens associated with complying with applicable laws and regulations, including employment, health, safety and environmental laws;
- Information technology disruptions and cybersecurity breaches, including theft or fraudulent use of guest, employee, or company data and disruption of reservation systems; and
- Increases in operating costs including, but not limited to, energy, water, labor (including the effect of labor shortages, unionization and minimum wage increases), food, workers' compensation and health-care, insurance and unanticipated costs related to force majeure events and their consequences.

Any of these factors could reduce our revenues, increase our costs or otherwise adversely affect our operations.

Risks Relating to our Discontinued Operations - Entertainment Businesses

Our entertainment businesses face intense competition in the live music industry, and they may not be able to maintain or increase their revenue or profits.

Our entertainment businesses compete in a highly competitive industry and may not be able to maintain or increase their revenue as a result of such competition. The live music industry competes with other forms of entertainment for consumers' discretionary spending, and our venues compete with other venues to book artists. Our entertainment businesses' competitors compete for key personnel who have relationships with popular music artists and that have a history of being able to book such artists for concerts and tours. These competitors may engage in more extensive development efforts, undertake more far-reaching marketing campaigns, adopt more aggressive pricing policies and make more attractive offers to existing and potential artists. Our competitors may develop services, advertising options or music venues that are equal or superior to those our entertainment businesses provide or that achieve greater market acceptance and brand recognition than our entertainment businesses achieve.

Other variables related to our entertainment businesses that could adversely affect their financial performance include:

- Changes in consumer preferences and decreased success in offering events that appeal to customers;
- Technological changes and innovations that may lead to a reduction in attendance at live events, a loss of ticket sales or lower ticket fees;
- General economic conditions, including inflation, which could cause our consumers to reduce discretionary spending;
- Unfavorable fluctuations in operating costs, which we may be unwilling or unable to pass through to our customers via ticket prices;
- Event, tour and artist cancellations;
- Interruptions in our computer, communications, information and ticketing systems and infrastructures and data loss or other breaches of our network security;
- Occurrence and threat of extraordinary events, such as terrorist attacks, intentional or unintentional mass-casualty incidents such as active shooter incidents, public health concerns such as contagious disease outbreaks such as COVID-19, weather conditions, natural disasters or similar events that may require us to cancel or reschedule an event; and
- Occurrence of personal injuries or accidents in connection with our live music events.

Risks Relating to Ownership of Shares of Our Common Stock

Our common stock is thinly traded; therefore, our stock price may fluctuate more than the stock market as a whole and it may be difficult to sell large numbers of our shares at prevailing trading prices.

As a result of the thin trading market for shares of our common stock, our stock price may fluctuate significantly more than the stock market as a whole or the stock prices of similar companies. Without a larger public float, shares of our common stock will be less liquid than the shares of common stock of companies with broader public ownership, and as a result, it may be difficult for investors to sell the number of shares they desire at an acceptable price. Trading of a relatively small volume of shares of our common stock may have a greater effect on the trading price than would be the case if our public float were larger.

Our charter documents and Delaware law contain anti-takeover provisions and our by-laws contain an exclusive forum provision.

Anti-takeover provisions in our charter documents and Delaware law may make an acquisition of us more difficult. These provisions may discourage potential takeover attempts, discourage bids for our common stock at a premium over market price or adversely affect the market price of, and the voting and other rights of the holders of, our common stock. These provisions could also discourage proxy contests and make it more difficult for stockholders to elect directors other than the candidates nominated by our Board of Directors (Board). Refer to Exhibit 4.1 for further discussion of anti-takeover provisions and an exclusive forum provision in our charter documents and Delaware law.

We may not pay dividends on our common stock or repurchase shares of our common stock.

Holders of our common stock are entitled to receive dividends only when and if they are declared by our Board. Further, our Comerica Bank credit facility prohibits us from paying a dividend on our common stock without the bank's prior written consent. Although we declared a special cash dividend on our common stock in March 2017 after receiving written consent from Comerica Bank, we may not pay special cash dividends in the future. Comerica Bank's consent to the payment of a dividend in March 2017 is not indicative of the bank's willingness to consent to the payment of future dividends. Additionally, our Comerica Bank loan agreements contain a restrictive covenant limiting common stock repurchases to $1.0 million in the aggregate during the term of the agreements. Any repurchases of our common stock in excess of $1.0 million would require a waiver from Comerica Bank. The declaration of future dividends and share repurchases, which is subject to our Board's discretion and the restrictions under our Comerica Bank loan agreements, will depend on our financial results, cash requirements, projected compliance with covenants in our debt agreements, outlook and other factors deemed relevant by our Board.

Our Board and management are engaged in a strategic planning process, and our business strategy may change as a result.

If completed, the pending sale of Block 21 would result in us receiving substantial cash proceeds and would eliminate our hotel and entertainment segments. In addition, in December 2021, we received substantial cash proceeds from the sale of The Santal, which were used to pay down the balance on our Comerica Bank revolving credit facility. Our Board and management are engaged in a strategic planning process, which includes consideration of the uses of proceeds from the sales and of our long-term business strategy. Potential uses of proceeds may include a combination of further deleveraging, returning cash to shareholders and reinvesting in our project pipeline. These factors may impact our business strategy, and we cannot provide any assurance that any changes to our strategy or anticipated uses of proceeds will result in benefits realized by us or our stockholders.

Item 1B. Unresolved Staff Comments

None.

Item 3. Legal Proceedings

We are from time to time involved in legal proceedings that arise in the ordinary course of our business. We do not believe, based on currently available information, that the outcome of any legal proceeding will have a material adverse effect on our financial condition or results of operations. We maintain liability insurance to cover some, but not all, potential liabilities normally incident to the ordinary course of our business as well as other insurance coverage customary in our business, with such coverage limits as management deems prudent. See Part I, Item 1A. "Risk Factors" for further discussion.

Item 4. Mine Safety Disclosures

Not applicable.

Information About Our Executive Officers

Certain information as of March 28, 2022, regarding our executive officers is set forth in the following table and accompanying text. Each of our executive officers serves at the discretion of our Board of Directors.

Name	Age	Position or Office
William H. Armstrong III	57	Chairman of the Board, President and Chief Executive Officer
Erin D. Pickens	60	Senior Vice President and Chief Financial Officer

Mr. Armstrong has been employed by us since our inception in 1992. Mr. Armstrong has served as President since August 1996, Chief Executive Officer since May 1998 and Chairman of the Board since August 1998. Mr. Armstrong previously served as President, Chief Operating Officer and Chief Financial Officer from 1996 to 1998. Mr. Armstrong also serves as Director of Moody National REIT II, Inc., a publicly traded real estate investment trust, from September 2017 to present. Mr. Armstrong previously served as Director of Moody National REIT I, Inc., a publicly traded real estate investment trust, from September 2008 until September 2017. In March 2021, Mr. Armstrong was elected secretary-treasurer of Green Business Certification Inc., an organization that drives implementation of the LEED green building program.

Ms. Pickens has served as our Senior Vice President since May 2009 and as our Chief Financial Officer since June 2009. Ms. Pickens previously served as Executive Vice President and Chief Financial Officer of Tarragon Corporation from November 1998 until April 2009, and as Vice President and Chief Accounting Officer from September 1996 until November 1998 and Accounting Manager from June 1995 until August 1996 for Tarragon and its predecessors. Ms. Pickens is a licensed Certified Public Accountant. Ms. Pickens is an active member of the American Institute of Certified Public Accountants and the Texas Society of Certified Public Accountants.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Common Stock

Our common stock trades on The Nasdaq Stock Market (NASDAQ) under the symbol "STRS." As of March 28, 2022, there were 322 holders of record of our common stock including participants in security position listings.

Common Stock Dividends

The declaration of dividends is at the discretion of our Board of Directors (the Board); however, our ability to pay dividends is restricted by the terms of our Comerica Bank credit facility, which prohibits us from paying a dividend on our common stock without Comerica Bank's prior written consent. The declaration of future dividends, which is subject to our Board's discretion and the restrictions under our Comerica Bank credit facility, will depend on our financial results, cash requirements, projected compliance with covenants in our debt agreements, outlook and other factors deemed relevant by our Board. Additionally, our Comerica Bank loan agreements contain a restrictive covenant limiting common stock repurchases to $1.0 million in the aggregate during the term of the agreements. Any repurchases of our common stock in excess of $1.0 million would require a waiver from Comerica Bank. See Part I, Item 1A. "Risk Factors" for further discussion.

Unregistered Sales of Equity Securities

None.

Issuer Purchases of Equity Securities

The following table sets forth information with respect to shares of our common stock that we repurchased under the Board-approved open market share purchase program during the three months ended December 31, 2021.

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs[a]	Maximum Number of Shares That May Yet Be Purchased Under the Plans or Programs[a]
October 1 to 31, 2021	—	$ —	—	991,695
November 1 to 30, 2021	—	—	—	991,695
December 1 to 31, 2021	—	—	—	991,695
Total	—	$ —	—	991,695

a. In November 2013, the Board approved an increase in our open-market share purchase program, initially authorized in 2001, for up to 1.7 million shares of our common stock. The program does not have an expiration date.

As stated above, our Comerica Bank loan agreements require lender approval of any common stock repurchases in excess of $1.0 million.

Item 6. Reserved

Items 7. and 7A. Management's Discussion and Analysis of Financial Condition and Results of Operations and Quantitative and Qualitative Disclosures About Market Risk

In Management's Discussion and Analysis of Financial Condition and Results of Operations, "we," "us," "our" and "Stratus" refer to Stratus Properties Inc. and all entities owned or controlled by Stratus Properties Inc. You should read the following discussion in conjunction with our consolidated financial statements and the related discussion of "Business and Properties" and "Risk Factors" included elsewhere in this Form 10-K. The results of operations reported and summarized below are not necessarily indicative of future operating results, and future results could differ materially from those anticipated in forward-looking statements (refer to "Cautionary Statement" and Part I, Item 1A. "Risk Factors" herein). All subsequent references to "Notes" refer to Notes to Consolidated Financial Statements located in Part II, Item 8. "Financial Statements and Supplementary Data."

OVERVIEW

We are a diversified real estate company with headquarters in Austin, Texas. We are engaged primarily in the acquisition, entitlement, development, management and sale of commercial, and multi-family and single-family residential real estate properties, and real estate leasing in the Austin, Texas area and other select, fast-growing markets in Texas. We generate revenues and cash flows from the sale of our developed properties and the lease of our retail, mixed-use and multi-family properties. See "Continuing Operations" in Part I, Items 1. and 2. "Business and Properties," and Note 10 for further discussion of our operating segments and "Business Strategy" below for a discussion of our business strategy.

BUSINESS STRATEGY

Our portfolio includes approximately 1,700 acres of undeveloped acreage and acreage under development for commercial and multi-family and single-family residential projects, as well as several completed commercial and residential projects.

Our primary business objective is to create value for stockholders by methodically developing and enhancing the value of our properties and then selling them or holding them for lease. Our full cycle development program of acquiring properties, securing and maintaining development entitlements, developing and stabilizing properties, and selling them or holding them as part of our leasing operations is a key element of our strategy. We may also seek to refinance properties, in order to benefit from the increased value of the property, from lower interest rates or for other reasons.

We believe that Austin and other select, fast-growing markets in Texas continue to be attractive locations. Many of our developments are in locations where development approvals have historically been subject to regulatory constraints, which has made it difficult to obtain or change entitlements. Most of our Austin properties, which are located in desirable areas with significant regulatory constraints, are entitled and have utility capacity for full buildout. As a result, we believe that through strategic planning, development and marketing, we can maximize and fully realize their value.

Our development plans require significant additional capital, which we may pursue through joint ventures or other arrangements. Our business strategy requires us to rely on cash flow from operations and debt financing as our primary sources of funding for our liquidity needs. However, we have increasingly relied on project-level equity financing of our subsidiaries. We have formed and expect to continue to pursue strategic relationships as part of our overall strategy for particular development projects and may enter into similar equity financing arrangements in the future. See Note 2 for further discussion.

Our results for 2021 reflect our strong performance in executing on our full cycle development program:

- In December 2021, one of our wholly owned subsidiaries sold The Santal, a 448-unit luxury garden-style multi-family project located in Barton Creek, for $152.0 million. After closing costs and payment of the outstanding project loan, the sale generated net proceeds of approximately $74 million. We recorded a pre-tax gain on sale of $83.0 million in 2021.
- In October 2021, we entered into new agreements to sell Block 21 to Ryman Hospitality Properties, Inc. (Ryman) for $260.0 million. The purchase price includes the purchaser's assumption of approximately $138 million of existing mortgage debt and is subject to downward adjustments up to $5.0 million. The remainder

of the purchase price will be paid in cash. The transaction is expected to close sometime prior to June 1, 2022, subject to the timely satisfaction or waiver of various closing conditions. After closing costs and assumption of the outstanding Block 21 loan by the purchaser, the sale of Block 21 is expected to generate net pre-tax proceeds of approximately $115 million and after-tax proceeds of approximately $90 million before prorations and including $6.9 million to be escrowed for 12 months after closing. We expect to record a pre-tax gain of approximately $120 million upon the closing of the sale (approximately $95 million after-tax).

- In January 2021, one of our subsidiaries sold The Saint Mary, a 240-unit luxury garden-style multi-family project in the Circle C community, for $60.0 million. After closing costs and payment of the outstanding construction loan, the sale generated net proceeds of approximately $34 million. After establishing a reserve for remaining costs of the partnership, we received $21.9 million from the subsidiary in connection with the sale and $12.2 million of the net proceeds were distributed to the noncontrolling interest owners. We recognized a pre-tax gain on the sale of $22.9 million ($16.2 million net of noncontrolling interests) in 2021.

The sale of The Santal generated net cash proceeds of approximately $74 million and allowed us to pay down the balance of our Comerica Bank credit facility. If completed, the sale of Block 21 will result in substantial additional cash proceeds of approximately $115 million pre-tax and $90 million after-tax (before prorations and including post-closing escrow amounts).

Our Board of Directors (Board) and management team are engaged in a strategic planning process, which includes consideration of the uses of proceeds from the sales and of our long-term business strategy. Potential uses of proceeds may include a combination of further deleveraging, returning cash to shareholders and reinvesting in our project pipeline. We expect to provide additional information after the Block 21 transaction is concluded and our Board and management have had the opportunity to assess market conditions and the capital desired for use in our development pipeline. In the meantime, after careful consideration, our Board has concluded that converting to a real estate investment trust is not the best path forward for our shareholders and us. Among the factors our Board considered in reaching its conclusion are our continued success in generating attractive returns by developing and selling our properties, our large undeveloped land holdings which provide ongoing and future opportunities for development and sale, and the promising nature of other projects in our development pipeline.

OVERVIEW OF THE IMPACTS OF THE COVID-19 PANDEMIC

Since January 2020, the COVID-19 outbreak has caused disruption in international and U.S. economies and markets. The impacts of the pandemic continued during 2021 but began to lessen as vaccines became widely available in the U.S. during the first quarter of 2021. However, there have been periodic increases in the number of cases in the U.S., including during the early part of 2022, as a result of vaccine hesitancy and the spread of COVID-19 variants. The pandemic resulted in government restrictions of various degrees and effective at various times, resulting in limitations on normal daily activities for individuals and capacity restrictions and, in some cases, closures for many businesses. In March 2021, the Governor of Texas lifted the mask mandate in Texas and increased the capacity of all businesses and facilities in the state to 100 percent.

We are optimistic about the post-pandemic recovery and by the rising levels of economic activity in our markets. Although the pandemic has had an adverse impact on our discontinued operations, which have seen improvements over the last three quarters, our residential properties and opportunities have been positively impacted, as discussed in more detail throughout this report.

Impacts on our Business
The Austin market, as well as the other Texas markets where we operate, continue to rebound from pandemic lows.

- *Real Estate operations.* Our residential properties have been positively impacted by home-centric trends resulting from the pandemic and from the increased attractiveness of Austin, Texas as a desirable place to live. Demand for residential properties is strong in our markets, currently exceeding available supply. For example, we have sold almost all of our single-family lot inventory at Barton Creek at attractive prices and during 2021, our Leasing Operations segment was able to sell The Santal and The Saint Mary at attractive prices. We are advancing several multi-family projects, including The Saint June, The Saint George, The Annie B, as well as our Holden Hills single-family residential project. We believe we have attractive opportunities to develop or sell residential components of our projects at Magnolia Place, Lantana Place,

Jones Crossing and our remaining land in Lakeway. Our multi-family tract of land at Kingwood Place is currently under contract to sell for $5.5 million. However, with increased demand and construction activity in our markets, and industry-wide material and labor supply constraints, we have also experienced certain cost increases. We continue to actively manage and monitor these costs. In addition, the ongoing trend toward online shopping has accelerated during the COVID-19 pandemic. We have been adjusting to these retail trends by incorporating more multi-family residential space and more food and beverage and entertainment space into our development plans. Despite the COVID-19 pandemic, we have continued to advance our land planning, engineering, permitting and development activities. We raised $46.3 million of equity capital from limited partners for three new projects: (i) in July 2021, an unrelated equity investor acquired a 65.87 percent interest in The Saint June partnership for $16.3 million, (ii) in September 2021, equity investors acquired an aggregate 75.0 percent interest in The Annie B partnership for $11.7 million and (iii) in December 2021, an unrelated equity investor acquired a 90.0 percent interest in The Saint George partnership for $18.3 million.

- *Leasing operations.* As a result of the COVID-19 pandemic, and beginning in April 2020, we agreed, generally, to 90-day base rent deferrals with a majority of our retail leasing tenants, which had closed or were operating at significantly reduced capacities. Rent deferrals with our retail tenants resulted in a reduction of scheduled base rent collections of 10 percent during the period from April through December 2020. The deferred rents are scheduled to be collected over a 12-month or 24-month period that started in January 2021. During the first quarter of 2021, we began collecting these rent deferrals. Further, we have retained substantially all of our pre-pandemic retail tenants, added new tenants, and all of our tenants are currently paying rent per their leases, as well as monthly payments pursuant to previously disclosed base rent deferral arrangements as applicable.

- *Discontinued Operations.* Our 2019 agreements to sell Block 21 for $275.0 million were terminated by Ryman in May 2020 as a result of the negative impact on capital markets and the overall economic environment caused by the COVID-19 pandemic. As a result of Ryman's termination of the transaction, it forfeited to us $15.0 million of earnest money. We recorded the $15.0 million as operating income during 2020. As discussed above, in October 2021, we entered into new agreements to sell Block 21 to Ryman for $260.0 million. The pandemic adversely impacted our revenues, profits and cash flows in our hotel and entertainment businesses, although results improved during 2021.

Impacts on our Liquidity and Capital Resources

On June 12, 2020, we extended the maturity date of our $60.0 million Comerica Bank revolving credit facility to September 27, 2022. After using a portion of the proceeds from the sale of The Santal to pay down the balance under the credit facility, as of December 31, 2021, we had $59.7 million available under the credit facility, with letters of credit totaling $347 thousand committed against the credit facility. As a result of the pandemic, during 2020 we proactively engaged with our project lenders in connection with formulating rent deferral arrangements for our tenants, receiving waivers of and amendments to certain financial covenants for specific project loans and extending maturity dates on project loans with near-term maturities. Refer to Note 6 for further discussion.

We project that we will be able to meet our debt service and other cash obligations for at least the next 12 months. No assurances can be given that the results anticipated by our projections will occur. See Note 6, "Capital Resources and Liquidity" below, and "Risk Factors" included in Part II, Item 1A. for further discussion.

We are continuing to closely monitor health and market conditions and are prepared to make further adjustments to our business strategy if and when appropriate.

OVERVIEW OF FINANCIAL RESULTS FOR 2021

As a result of the pending sale of Block 21, we have two operating segments: Real Estate Operations and Leasing Operations. Block 21, which encompassed our hotel and entertainment segments, along with some leasing operations, is reflected as discontinued operations. We operate primarily in Austin, Texas and in other select, fast-growing markets in Texas.

Our Real Estate Operations encompass our activities associated with our acquisition, entitlement, development, and sale of real estate. The current focus of our real estate operations is multi-family and single-family residential properties and retail and mixed-use properties. We may sell or lease the real estate we develop, depending on market conditions. Real estate that we develop and then lease becomes part of our Leasing Operations. Revenue in

our Real Estate Operations may be generated from the sale of properties that are developed, undeveloped or under development, depending on market conditions. Developed property sales can include an individual tract of land that has been developed and permitted for residential use, or a developed lot with a residence already built on it. In addition to our developed and leased properties, we have a development portfolio that consists of approximately 1,700 acres of commercial and multi-family and single-family residential projects under development or undeveloped land held for future use.

Revenue in our Leasing Operations is generated from the lease of space at retail and mixed-use properties that we developed, and the lease of residences in the multi-family projects that we developed. We may also generate income from the sale of our leased properties, depending on market conditions.

See Note 10 and Items 1. and 2. “Business and Properties” for discussion of the assets in our Real Estate Operations and Leasing Operations.

Our revenues totaled $28.2 million for 2021, compared with $44.3 million for 2020. The decrease in revenues in 2021, compared with 2020, primarily reflects the decrease in revenue from real estate as available inventory of developed lots decreased.

Our net income attributable to common stockholders totaled $57.4 million, or $6.90 per diluted share, for 2021, compared to a net loss attributable to common stockholders of $22.8 million, $2.78 per diluted share, for 2020. Higher net income for 2021, compared to our net loss in 2020, is primarily the result of gains on sales of assets totaling $106.0 million (of which $6.7 million was attributed to noncontrolling interests) related to the sales of The Santal and The Saint Mary in 2021.

At December 31, 2021, we had total debt of $106.6 million and consolidated cash and cash equivalents of $24.2 million, excluding $136.7 million of debt and $9.2 million of cash and cash equivalents related to Block 21, which is reported as held for sale. We have significant recurring costs, including property taxes, maintenance and marketing, and we believe we will have sufficient sources of debt financing and cash from operations to meet our cash requirements. For discussion of operating cash flows and debt transactions see “Capital Resources and Liquidity” below.

Real Estate Market Conditions. Because of the concentration of our assets primarily in the Austin, Texas area, and in other select, fast-growing markets in Texas, market conditions in these regions significantly affect our business. These market conditions historically have moved in periodic cycles, and can be volatile. Real estate development in Austin, where most of our real estate under development and undeveloped real estate is located, has historically been constrained as a result of various restrictions imposed by the city of Austin. Additionally, several special interest groups have traditionally opposed development in Austin.

In addition to the traditional influence of state and federal government employment levels on the local economy, the Austin-Round Rock, Texas area (Austin-Round Rock) has been influenced by growth in the technology sector. Large, high-profile technology companies have expanded their profile in Austin-Round Rock recently as the technology sector has clustered in this market. The COVID-19 pandemic and the increase in remote work has also resulted in population increases in Texas and within the Austin area. Based on a December 2021 U.S. Census report, the state of Texas had the largest population gain of any U.S. state between July 2020 and July 2021.

According to the 2020 U.S. Census (the most recent complete census), the population of the Austin-Round Rock area increased by approximately 33 percent and added over half a million residents to become the fastest-growing large metro area in the U.S. from 2010 through 2020. The Austin-Round Rock area now has a population of approximately 2.3 million people. In addition, 93 percent of the housing units were occupied in the Austin-Round Rock area, which was higher than average occupancy rates for the U.S. and Texas.

According to data provided by the U.S. Census Bureau, the median family income levels in the Austin-Round Rock area increased by 14 percent over a three-year period from 2016 to 2019 (the most recently available information). The median home price increased 65 percent in the Austin Round-Rock area from December 2016 to December 2021 according to the Texas A&M University Real Estate Research Center. The expanding economy resulted in rising demand for residential housing and retail services. Property tax and sales tax receipts rose by 44 percent and 16 percent, respectively, in the city of Austin during fiscal year 2016 through fiscal year 2020.

Vacancy rates in the city of Austin, Texas as of December 31, 2021 and 2020, are noted below.

Building Type	Vacancy Rates 2021	2020
Office Buildings (Class A)	20.7 % [a]	16.7 % [a]
Multi-Family Buildings	5.3 % [b]	5.7 % [b]
Retail Buildings	4.5 % [b]	5.0 % [b]

a. CB Richard Ellis: Austin MarketView
b. Marcus & Millichap Research Services, CoStar Group, Inc.

CRITICAL ACCOUNTING ESTIMATES

Management's discussion and analysis of our financial condition and results of operations are based on our consolidated financial statements, which have been prepared in conformity with accounting principles generally accepted in the U.S. The preparation of these financial statements requires that we make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. We base these estimates on historical experience and on assumptions that we consider reasonable under the circumstances; however, reported results could differ from those based on the current estimates under different assumptions and/or conditions. The areas requiring the use of management's estimates are discussed in Note 1 under the heading "Use of Estimates." Critical accounting estimates are those estimates made in accordance with U.S. generally accepted accounting principles that involve a significant level of estimation uncertainty and have had or are reasonably likely to have a material impact on our financial condition or results of operations. Our critical accounting estimates are discussed below.

Real Estate. Real estate is classified as held for sale, under development, held for investment or land available for development (see Note 1). When events or circumstances indicate that an asset's carrying amount may not be recoverable, an impairment test is performed. For real estate held for sale, if estimated fair value less costs to sell is less than the related carrying amount, a reduction of the asset's carrying value to fair value less costs to sell is required. For real estate under development, land available for development and real estate held for investment, if the projected undiscounted cash flow from the asset is less than the related carrying amount, a reduction of the carrying amount of the asset to fair value is required. Measurement of an impairment loss is based on the fair value of the long-lived asset. Generally, we determine fair value using valuation techniques such as discounted expected future cash flows.

In developing estimated future cash flows for impairment testing for our real estate assets, we have incorporated our own market assumptions including those regarding real estate prices, sales pace, sales and marketing costs, and infrastructure costs. Our assumptions are based, in part, on general economic conditions, the current state of the real estate industry, expectations about the short- and long-term outlook for the real estate market, and competition from other developers or operators in the area in which we develop or operate our properties. These assumptions can significantly affect our estimates of future cash flows. For those properties held for sale and deemed to be impaired, we determine fair value based on appraised values, adjusted for estimated costs to sell, as we believe this is the value for which the property could be sold.

During 2021, we recorded impairment losses on real estate totaling $1.8 million. We recorded no impairment losses during 2020.

Deferred Tax Assets. The carrying amounts of deferred tax assets are required to be reduced by a valuation allowance if, based on the available evidence, it is more likely than not that such assets will not be realized. Accordingly, we assess the need to establish valuation allowances for deferred tax assets periodically based on the more-likely-than-not realization threshold criterion. In the assessment of the need for a valuation allowance, appropriate consideration is given to all positive and negative evidence related to the realization of the deferred tax assets. This assessment considers, among other matters, the nature, frequency and severity of current and cumulative losses, the potential to recognize gains on sales of properties, forecasts of future profitability, the duration of statutory carryforward periods, our experience with operating loss and tax credit carryforwards not expiring unused, and tax planning alternatives. This process involves significant management judgment about assumptions that are subject to change based on variances between projected and actual operating performance and changes in our business environment or operating or financing plans.

We regularly evaluate the recoverability of our deferred tax assets, considering available positive and negative evidence, including earnings history and the forecast of future taxable income. During 2021, we recorded a $4.2 million non-cash credit to reduce the valuation allowance on our deferred tax assets related to Block 21 because of the pending sale. During 2020, we recorded a $10.3 million non-cash charge to record a valuation allowance on our deferred tax assets. We had deferred tax assets (net of deferred tax liabilities and valuation allowances) totaling $6.0 million at December 31, 2021. See Note 7 for further discussion.

Income Taxes. In preparing our annual consolidated financial statements, we estimate the actual amount of income taxes currently payable or receivable as well as deferred income tax assets and liabilities attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Our estimates are based on our interpretation of federal and state tax laws. We estimate our actual current tax due and assess temporary differences resulting from differing treatment of items for tax and accounting purposes. Deferred income tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which these temporary differences are expected to be recovered or settled. The effect on deferred income tax assets and liabilities of a change in tax rates or laws is recognized in income in the period in which such changes are enacted. See Note 7 for further discussion.

Profit Recognition on Sales of Real Estate. Revenue or gains on sales of real estate are recognized when control of the asset has been transferred to the buyer if collection of substantially all of the consideration to which we will be entitled is probable and we have satisfied all other performance obligations under the contract. Consideration is allocated among multiple performance obligations or distinct nonfinancial assets to be transferred to the buyer based on relative fair value, which requires significant management judgment. Consideration is reasonably determined and deemed likely of collection when we have signed sales agreements and have determined that the buyer has demonstrated a commitment to pay.

Profit Participation Incentive Plan. In 2018, the Compensation Committee of our Board (the Committee) adopted the Stratus Profit Participation Incentive Plan (PPIP), which provides participants with economic incentives tied to the success of the development projects designated by the Committee as approved projects under the PPIP. Under the PPIP, 25 percent of the profit for each approved project following a capital transaction (each as defined in the PPIP) will be set aside in a pool. The Committee will allocate participation interests in each pool to certain officers, employees and consultants determined to be instrumental in the success of the project. We estimate the profit pool of each approved project by projecting the cash flow from operations, the net sales price, the timing of a capital transaction or valuation event and our equity and preferred return including costs to complete for projects under development, all of which involve significant judgment and estimates. Estimates related to the awards may change over time due to differences between projected and actual development progress and costs, market conditions and the timing of capital transactions or valuation events. During 2021, we recorded $0.4 million to project development costs ($1.3 million in 2020) and charged $9.8 million to general and administrative expenses ($2.4 million in 2020) related to the PPIP. The accrued liability for the PPIP totaled $15.2 million at December 31, 2021 (included in other liabilities). See Notes 1 and 8 for further discussion.

RECENT DEVELOPMENT ACTIVITIES

Residential. As of December 31, 2021, the number of our residential lots/units that are developed, under development and available for potential development by area are shown below:

	Residential Lots/Units			
	Developed	Under Development	Potential Development[a]	Total
Barton Creek:				
Amarra Drive:				
Phase III lots	2	—	—	2
Amarra Villas	—	13	—	13
The Saint June	—	182	—	182
Other homes	—	—	14	14
Holden Hills	—	—	475	475
Section N	—	—	1,412	1,412
Other Barton Creek sections	—	—	2	2
Circle C multi-family	—	—	56	56
The Annie B	—	—	304	304
The Saint George	—	—	317	317
Lakeway	—	—	100	100
Lantana[b]	—	—	306	306
Jones Crossing[b]	—	—	275	275
Kingwood Place[b]	—	—	275	275
Magnolia Place[b]	—	—	694	694
New Caney[b]	—	—	275	275
Other	—	—	7	7
Total Residential Lots/Units	2	195	4,512	4,709

a. Our development of the properties identified under the heading “Potential Development” is dependent upon the approval of our development plans and permits by governmental agencies, including the city of Austin and other cities in our Texas markets. Those governmental agencies may not approve one or more development plans and permit applications related to such properties or may require us to modify our development plans. Accordingly, our development strategy with respect to those properties may change in the future. While we may be proceeding with approved infrastructure projects or planning activities for some of these properties, they are not considered to be “under development” for disclosure in this table until construction activities have begun, infrastructure work over the entire property has been completed, is currently being completed or is able to be completed and for which necessary permits have been obtained.

b. For a discussion of this project, see Items 1. and 2. “Business and Properties.”

The discussion below focuses on our recent significant residential development activity. For a description of our properties containing additional information, refer to Items 1. and 2. “Business and Properties.”

Barton Creek

Amarra Drive. Amarra Drive is a subdivision featuring lots ranging from one to over five acres. In 2008, we completed the development of the Amarra Drive Phase II subdivision, which consists of 35 lots on 51 acres. We sold the last seven lots in 2020.

In 2015, we completed the development of the Amarra Drive Phase III subdivision, which consists of 64 lots on 166 acres. In 2021, we sold 3 lots and in 2020 we sold 12 lots and 2 homes built on Phase III lots. As of December 31, 2021, two developed Phase III lots remained unsold.

Amarra Multi-family and Commercial. We also have multi-family and commercial lots in the Amarra section of Barton Creek. The Amarra Villas and The Saint June, both described below, are being developed on two of these multi-family lots. During 2021, we sold a 5-acre multi-family tract of land. As of December 31, 2021, we have two remaining undeveloped multi-family lots and one undeveloped commercial lot in inventory.

Amarra Villas. The Villas at Amarra Drive (Amarra Villas) is a 20-unit project within the Amarra development for which we completed construction of the first seven homes during 2017 and 2018. We sold the last two completed homes in 2019. We began construction on the next two Amarra Villas homes during the first quarter of 2020, which are expected to be completed in mid-2022. In 2021, we began construction of one additional home and in March

2022, we began construction on another two homes. As of March 28, 2022, two homes were under contract to sell (one which we began construction on in 2020 and one which we began construction on in 2021). As of March 28, 2022, a total of 11 units (3 of which are under construction and 8 on which construction has not started) remain available for sale of the initial 20-unit project.

The Saint June. In June 2021, The Saint June, L.P. raised $16.3 million of equity from third-party investors and entered into an approximately $30 million construction loan. Refer to Notes 2 and 6 for additional discussion. In third-quarter 2021, we began construction on The Saint June, a 182-unit luxury garden-style multi-family project within the Amarra development. The Saint June is being built on approximately 36 acres and is expected to be comprised of multiple buildings featuring one, two and three bedroom units for lease with amenities that include a resort-style clubhouse, fitness center, pool and extensive green space. The first units of The Saint June are currently expected to be completed in third-quarter 2022 with completion of the project expected in first-quarter 2023. We expect this property to achieve an Austin Energy Green Building rating.

Holden Hills. During 2020 and 2021, we continued to progress the development plans for Holden Hills in Barton Creek. We expect to secure final permits to start construction in September 2022. Subject to obtaining financing, we currently expect to complete site work for Phase I, including the construction of road, utility, drainage and other required infrastructure, approximately 17 months from the issuance of our final permits. Accordingly, our projections anticipate that we could begin closing sales of home sites in Holden Hills in mid-2024. We may sell the developed home sites, or may elect to build and sell, or build and lease, homes on some or all of the home sites, depending on financing and market conditions.
Section N. During 2020 and 2021, we continued to progress the development plans for Section N in Barton Creek.

The Annie B
In September 2021, we purchased the land and announced plans for The Annie B, a proposed luxury high-rise rental project in downtown Austin. Stratus Block 150, L.P. raised $11.7 million in third-party equity capital and entered into a $14.0 million loan to finance part of the costs of land acquisition and budgeted pre-development costs for The Annie B. We expect to finalize development plans over the next 12 months. Refer to Notes 2 and 6 for additional discussion.

The Saint George
In December 2021, we purchased the land for The Saint George, a proposed 317-unit luxury wrap-style multi-family project to be constructed on approximately 4 acres in north-central Austin. While we continue the planning for the project and obtaining the entitlement and permit approvals, we currently expect to begin construction by mid-2022 and to achieve substantial completion by mid-2024. The Saint George Apartments, L.P. raised $18.3 million in third-party equity capital to finance part of the costs of land acquisition and budgeted pre-development costs for The Saint George. We are in the process of negotiating a construction loan for the project. Refer to Note 2 for a discussion of the financing of the land purchase.

Lantana Multi-Family
We have advanced development plans for the multi-family component of Lantana Place and, subject to financing, expect to begin construction in third-quarter 2022 with expected completion in mid-2024.

Kingwood Place
In September 2021, we entered into a contract to sell a multi-family tract of land at Kingwood Place, which is currently planned for approximately 275 multi-family units, for $5.5 million. We recorded a $625 thousand impairment charge in 2021 to reduce the land's carrying value to its fair value based on the contractual sale price less estimated selling costs. If consummated, the sale is expected to close in mid-2022.

Other Residential
We are evaluating a sale of a portion of the land for the single-family and multi-family residential components of Magnolia Place, and continue to evaluate options for the multi-family component of Jones Crossing.

Commercial. As of December 31, 2021, the number of square feet of our commercial property developed, under development and our remaining entitlements for potential development (excluding our discontinued operations associated with Block 21, which include the W Austin Hotel, the ACL Live entertainment venue and the related office and retail space) are shown below:

	Commercial Property			
	Developed	Under Development	Potential Development [a]	Total
Barton Creek:				
Entry corner	—	—	5,000	5,000
Amarra retail/office	—	—	83,081	83,081
Section N	—	—	1,560,810	1,560,810
Circle C	—	—	660,985	660,985
Lantana:				
Lantana Place	99,379	—	—	99,379
Tract G07	—	—	160,000	160,000
Magnolia Place	—	18,987	16,000	34,987
West Killeen Market	44,493	—	—	44,493
Jones Crossing	154,117	—	104,750	258,867
Kingwood Place	151,855	—	—	151,855
New Caney	—	—	145,000	145,000
The Annie B[b]	—	—	8,325	8,325
Office building in Austin	—	7,285	—	7,285
Total Square Feet	449,844	26,272	2,743,951	3,220,067

a. Our development of the properties identified under the heading “Potential Development” is dependent upon the approval of our development plans and permits by governmental agencies, including the city of Austin and other cities in our Texas markets. Those governmental agencies may not approve one or more development plans and permit applications related to such properties or may require us to modify our development plans. Accordingly, our development strategy with respect to those properties may change in the future. While we may be proceeding with approved infrastructure projects or planning activities for some of these properties, they are not considered to be “under development” for disclosure in this table until construction activities have begun.

b. For a discussion of this project, see Items 1. and 2. “Business and Properties.”

The discussion below focuses on our recent significant commercial development activity. For a description of our properties containing additional information, refer to Items 1. and 2. “Business and Properties.”

Lantana, including Lantana Place

Lantana Place is a partially developed, mixed-use development project within the Lantana community. We completed construction of the 99,379-square-foot first phase of Lantana Place in 2018. We previously entered into a ground lease with a hotel operator in connection with its development of an AC Hotel by Marriott. The hotel was completed and opened in November 2021. As of December 31, 2021, we had signed leases for approximately 85 percent of the retail space, including the anchor tenant, Moviehouse & Eatery (Moviehouse), and a ground lease for an AC Hotel by Marriott.

Magnolia Place

In August 2021, we announced new development plans for Magnolia Place, an H-E-B grocery shadow-anchored, mixed-use project in Magnolia, Texas that is wholly owned by Stratus. Also in August 2021, we entered into a $14.8 million loan for the development of Magnolia Place. Refer to Note 6 for additional discussion. We began construction on the first phase of development of Magnolia Place in August 2021. Magnolia Place is currently planned to consist of 4 retail buildings totaling approximately 35,000 square feet, 5 retail pad sites to be sold or ground leased, 194 single-family lots and approximately 500 multi-family units. The first phase of development consists of 2 retail buildings totaling 18,987 square feet, all 5 pad sites, and the road, utility and drainage infrastructure necessary to support the entire development. The first two retail buildings are expected to be available for occupancy in third-quarter 2022. In mid-2021, H-E-B began construction on its 95,000-square-foot grocery store on an adjoining 18-acre site owned by H-E-B, which is expected to open in second-quarter 2022.

West Killeen Market

As of December 31, 2021, we had executed leases for approximately 70 percent of the retail space at West Killeen. During 2021, we sold a pad site at West Killeen Market for $0.8 million and only one unsold pad site remains.

Jones Crossing
In June 2021, the Jones Crossing loan was refinanced with a new $24.5 million loan. Refer to Note 6 for additional discussion. As of December 31, 2021, we had signed leases for approximately 95 percent of the completed retail space, including the H-E-B grocery store. As of December 31, 2021, we had approximately 23 undeveloped acres with estimated development potential of approximately 104,750 square feet of commercial space and 5 vacant pad sites.

Kingwood Place
At Kingwood Place, an 8,000-square-foot retail building was completed in July 2020 on one pad site. We have signed ground leases on four of the pad sites, and one pad site remains available for lease. As of December 31, 2021, we had signed leases for approximately 85 percent of the completed retail space, including the H-E-B grocery store.

Office building in Austin
In 2020, we purchased an office building in Austin that we are renovating and may occupy as our headquarters upon the closing of the sale of Block 21.

RESULTS OF OPERATIONS

We are continually evaluating the development and sale potential of our properties and will continue to consider opportunities to enter into transactions involving our properties, including possible joint ventures or other arrangements. As a result, and because of the COVID-19 pandemic and numerous other factors affecting our business activities as described herein, our past operating results are not necessarily indicative of our future results. We use operating income or loss to measure the performance of each operating segment. Corporate, eliminations and other includes consolidated general and administrative expenses, which primarily consist of employee compensation and other costs described herein.

The following table summarizes our operating results for the years ended December 31 (in thousands):

	2021	2020
Operating income (loss):		
Real estate operations[a]	$ (3,272) [b]	$ 3,738
Leasing operations	111,369 [c]	3,074 [d]
Corporate, eliminations and other[e]	(24,437)	(13,467)
Operating income (loss)	$ 83,660	$ (6,655)
Interest expense, net	$ (3,193)	$ (6,697)
Net income (loss) from continuing operations	$ 69,457	$ (18,008)
Net loss from discontinued operations[f]	$ (6,208)	$ (6,467)
Net income (loss) attributable to common stockholders	$ 57,394 [g]	$ (22,790) [h]

a. Includes sales commissions and other revenues together with related expenses.
b. Includes $1.8 million of impairment charges for real estate properties.
c. Includes the pre-tax gains on the December 2021 sale of The Santal of $83.0 million and the January 2021 sale of The Saint Mary of $22.9 million.
d. Includes a $1.4 million charge for estimated uncollectible rents receivable and unrealizable deferred costs.
e. Includes consolidated general and administrative expenses and eliminations of intersegment amounts. The increase in 2021, compared to 2020, is primarily the result of a $7.4 million increase in employee incentive compensation costs associated with the PPIP primarily for The Santal and Lantana Place projects, and a $2.7 million increase in consulting, legal and public relation costs for our successful proxy contest.
f. See Note 4 and the discussion below under the heading “Discontinued Operations” for further information.
g. Includes a $3.7 million gain related to forgiveness of our Paycheck Protection Program (PPP) loan and a $4.2 million non-cash credit to our provision for income taxes to reduce the valuation allowance on our deferred tax assets related to Block 21 because of the pending sale.
h. Includes a $10.3 million non-cash charge to our provision for income taxes to record a valuation allowance on our deferred tax assets.

As a result of the pending sale of Block 21, we currently have two operating segments: Real Estate Operations and Leasing Operations (see Notes 4 and 10). The following is a discussion of our operating results by segment.

Real Estate Operations

The following table summarizes our Real Estate Operations results for the years ended December 31 (in thousands):

	2021	2020
Revenues:		
Developed property sales	$ 4,615	$ 21,789
Undeveloped property sales	3,250	700
Commissions and other	601	106
Total revenues	8,466	22,595
Cost of sales, including depreciation	9,913	18,857
Impairment of real estate	1,825	—
Operating (loss) income	$ (3,272)	$ 3,738

Developed Property Sales. The following table summarizes our developed property sales for the years ended December 31 (in thousands):

	2021			2020		
	Lots/Units	Revenues	Average Cost per Lot/Unit	Lots/Homes	Revenues	Average Cost per Lot/Home
Barton Creek						
Amarra Drive:						
Phase II lots	—	$ —	$ —	7	$ 4,388	$ 200
Phase III lots	3	2,215	299	12	10,223	378
Homes built on Phase III lots	—	—	—	2	7,178	3,273
W Austin Residences at Block 21:						
Condominium unit	1	2,400	1,721	—	—	—
Total Residential	4	$ 4,615		21	$ 21,789	

The decrease in revenue in 2021, compared to 2020, reflects a decrease in the number of lots and homes sold in 2021 as available inventory decreased. As of December 31, 2021, we have two Amarra Drive Phase III lots in inventory.

Undeveloped Property Sales. In 2021, we sold a five-acre multi-family tract of land in Amarra Drive for $2.5 million and a pad site at West Killeen Market for $0.8 million. In 2020, we sold a vacant pad site at West Killeen Market for $0.7 million.

In 2022, we expect total revenue from our real estate operations to increase, compared to 2021, assuming we are able to close on the sales of two Amarra Villas homes and the multi-family tract of land at Kingwood Place, all of which were under contract as of December 31, 2021.

Cost of Sales. Cost of sales includes cost of property sold, project operating and marketing expenses and allocated overhead costs, partly offset by reductions for certain MUD reimbursements. Cost of sales totaled $9.9 million in 2021 and $18.9 million in 2020. The decrease in cost of sales in 2021, compared with 2020, primarily reflects a decrease in the number of lots and homes sold during 2021, partly offset by the sale of our last condominium unit at Block 21 during 2021.

Cost of sales for our real estate operations also includes significant recurring costs (including property taxes, maintenance and marketing), which totaled $5.8 million in 2021 and $5.4 million in 2020.

Impairment of Real Estate. During 2021, we recorded the following impairments totaling $1.8 million:

- We recorded a $700 thousand impairment charge for the Amarra Villas homes because the estimated total project costs and costs of sale for two of the homes under construction exceed their contract sale prices, as we were required to retain a new general contractor during the course of construction and after entering into the sales contracts for the two homes. As discussed in "Overview of the Impacts of the COVID-19 Pandemic," construction costs have risen since the beginning of the pandemic. However, demand for residential real estate in Austin, Texas, is strong, and we project increased sale prices and profitable margins for future sales of Amarra Villas homes.
- In September 2021, we entered into a contract to sell the land at Kingwood Place planned for multi-family units for $5.5 million. At the time of entering into the contract, the fair value of the land based on the contractual sale price less estimated selling costs was less than its carrying value, and we recorded a $625 thousand impairment charge.
- We are renovating an office building in Austin, Texas that we may occupy as our headquarters after the closing of the sale of Block 21. In connection with our evaluation of properties for indication of impairment, the estimated net undiscounted future cash flows from this property were less than its carrying value, and we recorded a $500 thousand impairment charge to reduce its carrying value to its estimated fair value.

Leasing Operations

The following table summarizes our Leasing Operations results for the years ended December 31 (in thousands):

	2021	2020	
Rental revenue	$ 19,787	$ 21,755	
Rental cost of sales, excluding depreciation	9,030	11,203	a
Depreciation	5,358	7,478	
Gain on sales of assets	(105,970)	—	
Operating income	$ 111,369	$ 3,074	

a. Includes a $1.4 million charge for estimated uncollectible rents receivable and unrealizable deferred costs.

Rental Revenue. Rental revenue primarily includes revenue from our retail and mixed-use projects Lantana Place, Jones Crossing, Kingwood Place and West Killeen Market, and until their sales in December 2021 and January 2021, respectively, our multi-family projects The Santal and The Saint Mary. The decrease in rental revenue in 2021, compared to 2020, primarily reflects the sale of The Saint Mary, partly offset by increased revenue at Lantana Place. The Saint Mary had rental revenue of $0.1 million in first-quarter 2021 prior to the sale compared to $3.2 million in the full year 2020.

In 2022, we expect revenue from our leasing operations to decrease, compared to 2021, as a result of the sale of The Santal, which had revenue of $8.7 million in 2021 and 2020. This decrease is expected to be partially offset by the commencement of leasing revenue at The Saint June and Magnolia Place in late 2022.

Rental Cost of Sales and Depreciation. Rental costs of sales and depreciation expense decreased in 2021, compared to 2020, primarily as a result of the sale of The Saint Mary. The decrease in 2021, compared to 2020, was further impacted by a $1.4 million charge in 2020 for estimated uncollectible rents receivable and unrealizable deferred costs. During the 2020, our lease with Moviehouse, our anchor tenant at Lantana Place, was terminated and we charged $1.3 million to cost of sales to write off uncollectible rents receivable and unrealizable deferred costs associated with this lease. Subsequently, in July 2020, we entered into a new lease agreement with Moviehouse, which was further extended through July 31, 2021. The new lease agreement provided Moviehouse the right to extend the lease to the original 20-year term through October 31, 2039, at the original rent schedule, which Moviehouse exercised effective August 1, 2021. The lease is secured by a $1.4 million letter of credit.

Gain on Sales of Assets. In December 2021, our subsidiary sold The Santal for $152.0 million. After closing costs and payment of the outstanding project loan, the sale generated net proceeds of approximately $74 million. We recorded a pre-tax gain on sale of $83.0 million in 2021.

In January 2021, our subsidiary sold The Saint Mary for $60.0 million. After closing costs and payment of the outstanding construction loan, the sale generated net proceeds of approximately $34 million. After establishing a reserve for remaining costs of the partnership, we received $21.9 million from the subsidiary in connection with the sale and $12.2 million of the net proceeds were distributed to the noncontrolling interest owners. We recognized a pre-tax gain on the sale of $22.9 million ($16.2 million net of noncontrolling interests) in 2021.

Corporate, Eliminations and Other

Corporate, eliminations and other (see Note 10) includes consolidated general and administrative expenses, which primarily consist of employee compensation and other costs. Consolidated general and administrative expenses totaled $24.5 million in 2021 and $13.6 million in 2020. The increase in general and administrative expenses in 2021, compared to 2020, primarily reflects a $7.4 million increase in employee incentive compensation costs associated with the PPIP primarily for The Santal and Lantana Place projects, and a $2.7 million increase in consulting, legal and public relation costs for our successful proxy contest. Corporate, eliminations and other also includes eliminations of intersegment amounts incurred by our operating segments.

Non-Operating Results

Interest Expense, Net. Interest costs (before capitalized interest) totaled $8.7 million in 2021 and $11.4 million in 2020. The decrease in interest costs in 2021, compared with 2020, primarily reflects a decrease in average interest rates and the repayment of The Saint Mary construction loan upon the sale of the property in January 2021.

Capitalized interest totaled $5.5 million in 2021 and $4.7 million in 2020, and is primarily related to development activities at Barton Creek.

Net Gain on Extinguishment of Debt. We recorded a net gain of $1.5 million on extinguishment of debt in 2021 primarily associated with the $3.7 million of forgiveness of substantially all of our PPP loan. This gain was partly offset by losses of $1.5 million for prepayment fees on the early repayment of The Santal loan and a total of $0.7 million in write-offs of unamortized deferred financings costs associated with the repayment of The Saint Mary construction loan and The Santal loan and the refinancing of the Jones Crossing construction loan.

Provision for Income Taxes. We recorded a provision for income taxes of $12.6 million in 2021 and $4.8 million in 2020. The 2021 income tax provision included a $4.2 million non-cash credit to reduce the valuation allowance on our deferred tax assets related to Block 21 because of the pending sale. The 2020 income tax provision included a $10.3 million non-cash charge to record a valuation allowance on our deferred tax assets. We had deferred tax assets (net of deferred tax liabilities and valuation allowances) totaling $6.0 million at December 31, 2021, and less than $0.1 million at December 31, 2020. Refer to Note 7 for further discussion of income taxes.

Total Comprehensive (Income) Loss Attributable to Noncontrolling Interests in Subsidiaries. Our partners' share of income in 2021 totaled $5.9 million in 2021 and our partner's share of losses totaled $1.7 million in 2020. In 2021, our partners were allocated $6.7 million of the gain from the sale of The Saint Mary. Of the total share of losses in 2020, $573 thousand relates to losses incurred prior to 2020.

Discontinued Operations

Block 21 is our wholly owned mixed-use real estate development and entertainment business located on a two-acre city block in downtown Austin that contains the W Austin Hotel, consisting of a 251-room luxury hotel, and office, retail and entertainment space. The hotel is managed by W Hotel Management, Inc. a subsidiary of Starwood Hotels & Resorts Worldwide, Inc., which is a subsidiary of Marriott International, Inc. The entertainment space is occupied by Austin City Limits Live at the Moody Theater (ACL Live) and 3TEN ACL Live. ACL Live is a 2,750-seat live music and entertainment venue and production studio that serves as the location for the filming of Austin City Limits, the longest running music series in American television history. 3TEN ACL Live, which opened in March 2016, has a capacity of approximately 350 people and is designed to be more intimate than ACL Live.

As a result of our October 2021 entry into new agreements to sell Block 21 to Ryman for $260.0 million, our hotel and entertainment operations, as well as the leasing operations associated with the Block 21 property, are reported as discontinued operations for all periods presented in the accompanying financial statements. Refer to Note 4 for further discussion.

The transaction is expected to close sometime prior to June 1, 2022, subject to the timely satisfaction or waiver of various closing conditions, including the consent of the loan servicers to the purchaser’s assumption of the existing mortgage loan, the consent of the hotel operator, an affiliate of Marriott, to the purchaser’s assumption of the hotel operating agreement, the absence of a material adverse effect, and other customary closing conditions. The Block 21 purchase agreement will terminate if all conditions to closing are not satisfied or waived by the parties. Ryman has deposited $5.0 million in earnest money to secure its performance under the agreements governing the sale. Of the total purchase price, $6.9 million will be held in escrow for 12 months after the closing, subject to a longer retention period with respect to any required reserve for pending claims. We expect to record a pre-tax gain of approximately $120 million upon closing of the sale (approximately $95 million after-tax). The purchase price is

payable by the assumption of the Block 21 loan with the balance to be paid in cash. We expect the net sale proceeds before taxes to be approximately $115 million and the after-tax proceeds to be approximately $90 million before prorations and including post-closing escrow amounts.

Losses from discontinued operations totaled $6.2 million in 2021 and $6.5 million in 2020. We reported higher hotel and entertainment revenue in 2021 as the impacts of the COVID-19 pandemic began to lessen throughout 2021. The loss from discontinued operations in 2020, excluding the recognition of a $15.0 million gain related to earnest money received from Ryman as a result of its termination of the 2019 agreements to purchase Block 21, totaled $21.5 million.

The following is a discussion of our key operating results within discontinued operations.

Hotel Revenue. Hotel revenue primarily includes revenue from W Austin Hotel room reservations and food and beverage sales. Hotel revenues were $18.3 million in 2021 and $9.9 million in 2020. The increase in hotel revenue in 2021, compared with 2020, is primarily a result of higher room reservations and food and beverage sales as the impacts of the COVID-19 pandemic continued to lessen throughout 2021. Revenue per available room (RevPAR), which is calculated by dividing total room revenue by the average total rooms available during the year, was $115 in 2021, compared with $61 in 2020.

Entertainment Revenue. Entertainment revenue primarily reflects the results of operations for ACL Live, including ticket sales, revenue from private events, sponsorships, personal seat license sales and suite sales, and sales of concessions and merchandise. Entertainment revenue also reflects revenues associated with events hosted at venues other than ACL Live, including 3TEN ACL Live. Revenues from the Entertainment segment varies from period to period as a result of factors such as the price of tickets and number of tickets sold, as well as the number and type of events hosted at ACL Live and 3TEN ACL Live. Entertainment revenues were $12.9 million in 2021 and $5.2 million in 2020. The increase in entertainment revenue primarily reflects an increase in the number of events hosted at ACL Live and 3TEN ACL Live as the impacts of the COVID-19 pandemic continued to lessen throughout 2021. As of August 2021, ACL Live and 3TEN ACL Live are operating at full capacity.

Certain key operating statistics specific to the concert and event hosting industry are included below to provide additional information regarding our ACL Live and 3TEN ACL Live operating performance for the years ended December 31.

	2021	2020
ACL Live		
Events:		
Events hosted	172	82
Estimated attendance	130,924	48,837
Ancillary net revenue per attendee	$ 53.67	$ 69.47
Ticketing:		
Number of tickets sold	108,877	39,519
Gross value of tickets sold (in thousands)	$ 6,647	$ 1,982
3TEN ACL Live		
Events:		
Events hosted	178	102
Estimated attendance	22,754	12,566
Ancillary net revenue per attendee	$ 41.83	$ 32.78
Ticketing:		
Number of tickets sold	13,525	5,278
Gross value of tickets sold (in thousands)	$ 337	$ 126

CAPITAL RESOURCES AND LIQUIDITY

Volatility in the real estate market, including the markets in which we operate, can impact the timing of and proceeds received from sales of our properties, which may cause uneven cash flows from period to period. However, we believe that the unique nature and location of our assets will provide us positive cash flows over time.

Comparison of Year-to-Year Cash Flows

Operating Activities. Cash used in operating activities totaled $53.6 million in 2021 and $4.1 million in 2020. Expenditures for purchases and development of real estate properties totaled $52.8 million in 2021, primarily related to the purchase of the land for The Annie B, the purchase of the property for The Saint George and development of our Barton Creek properties, including Amarra Villas, and $13.8 million in 2020, primarily related to development of our Barton Creek properties and the purchase of an office building in Austin that we are renovating and may use as our headquarters after the closing of the sale of Block 21. The $33.4 million increase in accounts payable, accrued liabilities and other in 2021 is primarily related to income tax liabilities associated with the sale of The Santal and The Saint Mary as well as the increase in the accrued liability for the PPIP. The $5.1 million increase in other assets in 2020 is primarily related to the carry back of net operating losses to 2017 as allowed by the Coronavirus Aid, Relief, and Economic Security Act (see Note 7 for further discussion).

Investing Activities. Cash provided by (used in) investing activities totaled $188.9 million in 2021 and $(7.8) million in 2020. Capital expenditures totaled $19.6 million for 2021, primarily related to The Saint June, Magnolia Place and Lantana Place projects, and $6.2 million for 2020, primarily related to the Kingwood Place and The Saint Mary projects. In 2021, we received proceeds, net of closing costs, totaling $209.9 million from the sales of The Santal and The Saint Mary.

Financing Activities. Cash (used in) provided by financing activities totaled $(99.4) million in 2021 and $7.5 million in 2020. Net repayments on the Comerica Bank credit facility totaled $43.3 million in 2021, primarily as a result of using proceeds from the sale of The Santal to repay the outstanding balance, compared with net borrowings of $0.8 million in 2020. Net repayments on other project and term loans totaled $88.1 million in 2021, primarily reflecting the repayment of The Santal loan and The Saint Mary construction loan upon the sale of those projects, partially offset by borrowings on The Annie B land loan, compared with net borrowings of $7.6 million in 2020, primarily from the PPP loan and for the Kingwood Place and The Saint Mary projects. See Note 6 and “Credit Facility and Other Financing Arrangements” below for a discussion of our outstanding debt at December 31, 2021.

During 2021, we paid distributions to noncontrolling interest owners of $12.5 million, primarily related to the sale of The Saint Mary, and received contributions from noncontrolling interest owners of $46.3 million, related to The Saint June, The Annie B and The Saint George limited partnerships.

In 2013, our Board approved an increase in the open market share purchase program from 0.7 million shares to 1.7 million shares of our common stock. There were no purchases under this program during 2021 or 2020. As of December 31, 2021, a total of 991,695 shares of our common stock remained available under this program. Our ability to repurchase shares of our common stock is restricted by the terms of our loan agreements with Comerica Bank, which prohibit us from repurchasing shares of our common stock in excess of $1.0 million without the bank’s prior written consent.

Credit Facility and Other Financing Arrangements

At December 31, 2021, we had total debt of $107.9 million based on the principal amounts outstanding, compared with $138.5 million at December 31, 2020. Consolidated debt at both dates excluded the Block 21 loan of approximately $138 million, and at December 31, 2020, also excluded The Santal loan of approximately $75 million and The Saint Mary construction loan of approximately $25 million, as a result of these properties being classified as held for sale at those dates. Our Comerica Bank credit facility, which is comprised of a $60.0 million revolving line of credit, had $59.7 million available at December 31, 2021, net of letters of credit totaling $347 thousand committed against the credit facility after we used a portion of the proceeds from the sale of The Santal to pay down the balance under the credit facility.

As a result of the COVID-19 pandemic, during 2020 we proactively engaged with our project lenders in connection with formulating rent deferral arrangements for our tenants, receiving waivers of and amendments to certain financial covenants for specific project loans and extending maturity dates on project loans with near-term maturities. Refer to Note 6 for further discussion of our outstanding debt. Refer to “Debt Maturities and Other Contractual Obligations” below for a table illustrating the timing of principal payments due on our outstanding debt as of December 31, 2021.

In June 2021, The Saint June, L.P. raised $16.3 million in third-party equity capital and entered into an approximately $30 million construction loan. Also in June 2021, the Jones Crossing loan was refinanced with a new $24.5 million loan. In August 2021, we entered into a $14.8 million loan for the development of Magnolia Place. In September 2021, Stratus Block 150, L.P. raised $11.7 million in third-party equity capital and entered into a $14.0

million loan to finance part of the costs of land acquisition and budgeted pre-development costs for The Annie B. In December 2021, The Saint George Apartments, L.P. raised $18.6 million in third-party equity capital to finance part of the costs of land acquisition and budgeted pre-development costs for The Saint George. We are in the process of negotiating a construction loan for The Saint George project. Refer to Notes 2 and 6 for additional discussion.

Our debt agreements require compliance with specified financial covenants. The Magnolia Place construction loan includes a requirement that we maintain liquid assets, as defined in the agreements, of not less than $7.5 million. The Jones Crossing loan includes a requirement that we maintain liquid assets, as defined in the agreement, of not less than $2 million. The New Caney land loan and The Saint June construction loan include a requirement that we maintain liquid assets, as defined in the agreements, of not less than $10 million. The Comerica Bank credit facility, the Lantana Place construction loan, the Amarra Villas credit facility, the Kingwood Place construction loan, the West Killeen Market construction loan, the New Caney land loan, The Saint June construction loan, the Magnolia Place construction loan, and The Annie B land loan include a requirement that we maintain a net asset value, as defined in each agreement, of $125 million. The Comerica Bank credit facility, the Amarra Villas credit facility, the Kingwood Place construction loan, and The Annie B land loan also include a requirement that we maintain a debt-to-gross asset value, as defined in the agreements, of less than 50 percent. The West Killeen Market construction loan, the Jones Crossing loan, the Lantana Place construction loan, and The Saint June construction loan each include a financial covenant requiring the applicable Stratus subsidiary to maintain a debt service coverage ratio as defined in each agreement. As of December 31, 2021, we were in compliance with all of our financial covenants; however, for the last three quarters of 2020 and each quarter of 2021, our Block 21 subsidiary did not pass the debt service coverage ratio financial test under the Block 21 loan, which, though not a financial covenant, caused the Block 21 subsidiary to enter into a “Trigger Period” as discussed below.

Stratus’ and its subsidiaries’ debt arrangements contain significant limitations that may restrict Stratus’ and its subsidiaries’ ability to, among other things: borrow additional money or issue guarantees; pay dividends, repurchase equity or make other distributions to equityholders; make loans, advances or other investments; create liens on assets; sell assets; enter into sale-leaseback transactions; enter into transactions with affiliates; permit a change of control; sell all or substantially all of its assets; and engage in mergers, consolidations or other business combinations. Our Comerica Bank credit facility and The Annie B land loan require Comerica Bank’s prior written consent for any common stock repurchases in excess of $1.0 million or any dividend payments.

Our project loans are generally secured by all or substantially all of the assets of the project, and our Comerica Bank credit facility is secured by substantially all of our assets other than those encumbered by separate project financing. In addition, we are typically required to guarantee the payment of our project loans, in some cases until certain development milestones and/or financial conditions are met, except for the Block 21 loan and Jones Crossing loan guarantees, which are generally limited to non-recourse carve-out obligations. Refer to Note 6 for additional discussion.

The Block 21 loan agreement, which is excluded from consolidated debt and presented within liabilities held for sale, is secured by the Block 21 assets and contains financial tests that we must meet in order to avoid a “Trigger Period." Specifically, we must maintain (i) a net worth in excess of $125 million and (ii) liquid assets having a market value of at least $10 million, each as defined in the Block 21 loan agreement. Additionally, our Block 21 subsidiary must maintain a trailing-12-month debt service coverage ratio, tested quarterly, as defined in the Block 21 loan agreement. If any of these financial tests are not met, a “Trigger Period”, which is not a default, results. As a result of the pandemic, our Block 21 subsidiary has not met the debt service coverage ratio test each quarter beginning with the June 30, 2020, test date, resulting in a "Trigger Period." During a "Trigger Period," any cash generated from the Block 21 project in excess of amounts necessary to fund loan obligations, budgeted operating expenses and specified reserves would not be available to be distributed to us until after we meet a higher debt service coverage ratio requirement for two consecutive quarters.

Although the Block 21 loan agreement is a non-recourse loan, we may contribute cash to our Block 21 subsidiary in order to prevent our Block 21 subsidiary from defaulting under the Block 21 loan agreement. Additionally, under our Block 21 subsidiary's hotel operating agreement, the hotel operator may, and has, requested funds from us when it reasonably determines that such funds are required in order to fund the operation of the hotel and specified reserves. Pursuant to such provisions, we contributed $6.3 million in 2020 and $13.7 million in 2021. We contributed $2.5 million in first-quarter 2022 and depending on the timing of the sale of Block 21, we expect additional contributions to total as much as $1.2 million in second-quarter 2022.

We project that we will be able to meet our debt service and other cash obligations for at least the next 12 months. Our $60 million revolving credit facility with Comerica Bank matures on September 27, 2022. We are in discussions with the lender to remove Holden Hills from the collateral pool for the facility, finance the Holden Hills project under a separate loan agreement and enter into a revised revolving credit facility with a lower borrowing limit secured by the remaining collateral under the facility. If these discussions are not concluded timely, we expect to be able to extend or refinance the facility prior to the maturity date. No assurances can be given that the results anticipated by our projections will occur. See Note 6 and “Risk Factors” included in Part I, Item 1A. for further discussion.

Our ability to meet our cash obligations over the longer term, including our significant debt maturities in 2023, will depend on our future operating and financial performance and cash flows, including our ability to sell or lease properties profitably and extend or refinance debt as it becomes due, which is subject to economic, financial, competitive and other factors beyond our control, including risks related to the COVID-19 pandemic.

DEBT MATURITIES AND OTHER CONTRACTUAL OBLIGATIONS

The following table summarizes our total debt maturities based on the principal amounts outstanding as of December 31, 2021 (in thousands), excluding debt related to Block 21 included in liabilities held for sale:

	2022	2023	2024	2025	2026	Total
Comerica Bank credit facility[a]	$ —	$ —	$ —	$ —	$ —	$ —
Jones Crossing loan	—	—	—	—	24,500	24,500
The Annie B land loan	—	14,000	—	—	—	14,000
New Caney land loan[b]	4,500	—	—	—	—	4,500
PPP loan	156	—	—	—	—	156
Construction loans:						
Kingwood Place[c]	32,426	—	—	—	—	32,426
Lantana Place	807	21,367	—	—	—	22,174
West Killeen Market	6,099	—	—	—	—	6,099
Magnolia Place	—	—	2,392	—	—	2,392
Amarra Villas credit facility	1,605	—	—	—	—	1,605
Total	$ 45,593	$ 35,367	$ 2,392	$ —	$ 24,500	$ 107,852

a. Refer to Note 6 for further information.

b. In March 2022, we extended this loan from March 8, 2022, to March 8, 2023.

c. We have the option to extend the maturity date for two additional 12-month periods, subject to certain debt service coverage conditions, which we expect to meet for the first extension period.

We had commitments under noncancelable construction contracts totaling approximately $36 million at December 31, 2021. See Note 9 for further discussion of future cash requirements.

NEW ACCOUNTING STANDARDS

No new accounting standards in 2021 had a material impact on us.

OFF-BALANCE SHEET ARRANGEMENTS

See Note 9 for discussion of our off-balance sheet arrangements.

CAUTIONARY STATEMENT

Management’s Discussion and Analysis of Financial Condition and Results of Operations contains forward-looking statements in which we discuss factors we believe may affect our future performance. Forward-looking statements are all statements other than statements of historical fact, such as plans, projections or expectations related to whether and when the sale of Block 21 will be completed, our estimated gain and net cash proceeds from the sale of Block 21 and potential uses of such proceeds, potential results of our Board and management’s strategic planning process, the impacts of the COVID-19 pandemic, our ability to meet our future debt service and other cash obligations, future cash flows and liquidity, our expectations about the Austin and Texas real estate markets, the

planning, financing, development, construction, completion and stabilization of our development projects, plans to sell, recapitalize, or refinance properties, future operational and financial performance, MUD reimbursements for infrastructure costs, regulatory matters, leasing activities, tax rates, the impact of inflation and interest rate changes, future capital expenditures and financing plans, possible joint ventures, partnerships, or other strategic relationships, other plans and objectives of management for future operations and development projects, and future dividend payments and share repurchases. The words “anticipate,” “may,” “can,” “plan,” “believe,” “potential,” “estimate,” “expect,” “project,” "target," “intend,” “likely,” “will,” “should,” “to be” and any similar expressions and/or statements are intended to identify those assertions as forward-looking statements.

Under our Comerica Bank credit facility, we are not permitted to repurchase our common stock in excess of $1.0 million or pay dividends on our common stock without Comerica Bank's prior written consent. The declaration of dividends or decision to repurchase our common stock is at the discretion of our Board, subject to restrictions under our Comerica Bank credit facility, and will depend on our financial results, cash requirements, projected compliance with covenants in our debt agreements, outlook and other factors deemed relevant by the Board.

We caution readers that forward-looking statements are not guarantees of future performance, and our actual results may differ materially from those anticipated, expected, projected or assumed in the forward-looking statements. Important factors that can cause our actual results to differ materially from those anticipated in the forward-looking statements include, but are not limited to, the occurrence of any event, change or other circumstance that could delay the closing of the sale of Block 21, or result in the termination of the agreements to sell Block 21, the results of our Board and management’s strategic planning process, the ongoing COVID-19 pandemic and any future major public health crisis, increases in inflation and interest rates, declines in the market value of our assets, increases in operating costs, including real estate taxes and the cost of building materials and labor, our ability to pay or refinance our debt or comply with or obtain waivers of financial and other covenants in debt agreements and to meet other cash obligations, our ability to collect anticipated rental payments and close projected asset sales, the availability and terms of financing for development projects and other corporate purposes, our ability to enter into and maintain joint ventures, partnerships, or other strategic relationships, including risks associated with such joint ventures, our ability to implement our business strategy successfully, including our ability to develop, construct and sell or lease properties on terms our Board considers acceptable, market conditions or corporate developments that could preclude, impair or delay any opportunities with respect to plans to sell, recapitalize or refinance properties, our ability to obtain various entitlements and permits, a decrease in the demand for real estate in select markets in Texas where we operate, changes in economic, market and business conditions, including as a result of the war in Ukraine, reductions in discretionary spending by consumers and businesses, competition from other real estate developers, the termination of sales contracts or letters of intent because of, among other factors, the failure of one or more closing conditions or market changes, the failure to attract customers or tenants for our developments or such customers’ or tenants’ failure to satisfy their purchase commitments or leasing obligations, changes in consumer preferences, industry risks, changes in laws, regulations or the regulatory environment affecting the development of real estate, opposition from special interest groups or local governments with respect to development projects, weather- and climate-related risks, loss of key personnel, environmental and litigation risks, cybersecurity incidents and other factors described in more detail under the heading “Risk Factors” in Part I, Item 1A. of this Form 10-K.

Investors are cautioned that many of the assumptions upon which our forward-looking statements are based are likely to change after the date the forward-looking statements are made. Further, we may make changes to our business plans that could affect our results. We caution investors that we undertake no obligation to update our forward-looking statements, which speak only as of the date made, notwithstanding any changes in our assumptions, business plans, actual experience, or other changes.

Item 8. Financial Statements and Supplementary Data

MANAGEMENT'S ANNUAL REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Stratus Properties Inc.'s (the Company's) management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. Internal control over financial reporting is defined in Rule 13a-15(f) or 15d-15(f) under the Securities Exchange Act of 1934 as a process designed by, or under the supervision of, the Company's principal executive and principal financial officers and effected by the Company's Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that:

- Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the Company's assets;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the Company's financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The Company's management, including its principal executive officer and principal financial officer, assessed the effectiveness of its internal control over financial reporting as of the end of the fiscal year covered by this annual report on Form 10-K. In making this assessment, the Company's management used the criteria set forth in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). Based on its assessment, management concluded that, as of December 31, 2021, the Company's internal control over financial reporting is effective based on the COSO criteria.

/s/ William H. Armstrong III
William H. Armstrong III
Chairman of the Board, President
and Chief Executive Officer

/s/ Erin D. Pickens
Erin D. Pickens
Senior Vice President
and Chief Financial Officer

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders
Stratus Properties Inc.
Austin, Texas

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Stratus Properties Inc. and subsidiaries (the Company) as of December 31, 2021 and 2020, and the related consolidated statements of comprehensive income (loss), stockholders' equity, and cash flows for each of the years in the two-year period ended December 31, 2021, and the related notes (collectively referred to as the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the years in the two-year period ended December 31, 2021, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) related to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of a critical audit matter does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing separate opinions on the critical audit matter or on the accounts or disclosures to which they relate.

Impairment assessment - Refer to Notes 1 and 3 to the consolidated financial statements

The Company's long-lived assets consist primarily of held for sale real estate assets of $1,773,000, real estate under development of $181,224,000, real estate held for investment, net of $90,284,000 and land available for development of $40,659,000. The real estate assets are individually reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. For real estate held for sale, if estimated fair value less costs to sell is less than the related carrying amount, a reduction of the asset's carrying value to fair value less costs to sell is required. For real estate under development, land available for development and real estate held for investment, an impairment exists when the carrying amount of an asset exceeds the aggregate projected future cash flows over the anticipated holding period on an undiscounted basis. An impairment loss is measured based on the excess of the property's carrying amount over its fair value. The Company's undiscounted cash flows are subjective and are based, in part, on estimates and assumptions such as real estate prices, sales pace, sales and marketing costs, infrastructure costs and capitalization rates. In the event a property's carrying amount is not recoverable, the Company determines fair value based on appraised values, adjusted for

estimated costs to sell. Evaluation of appraisals is subjective and is based, in part, on estimates and assumptions such as real estate prices, market rental rates, capitalization rates, and discount rates that could differ materially from actual results.

We identified the impairment of long-lived assets as a critical audit matter because of the significant estimates and assumptions management makes to evaluate the recoverability and fair value of the assets, specifically the estimates of real estate prices, market rental rates, capitalization rates, and discount rates for each real estate asset. Performing audit procedures to evaluate the reasonableness of these estimates and assumptions required a high degree of auditor judgment and an increased extent of effort.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the undiscounted discounted cash flow analyses and appraisals included, among other things, the following:

- We obtained an understanding and evaluated the design of internal controls over management's evaluation of the recoverability of the carrying amount of long-lived assets based on undiscounted cash flows and the measurement of impairment based on appraisals less estimated costs to sell.
- We evaluated the reasonableness of significant assumptions in the undiscounted cash flow analyses and appraisals, including estimates of real estate prices, market rental rates, capitalization rates, and discount rates, for properties with impairment indicators. In addition, we tested the mathematical accuracy of the undiscounted cash flow analyses.
- We evaluated the reasonableness of management's undiscounted cash flow analyses by comparing management's projections to the Company's historical results and external market sources.
- We evaluated whether the assumptions were consistent with evidence obtained in other areas of the audit.

/s/ BKM Sowan Horan, LLP

We have served as the Company's auditor since 2010.

Austin, Texas
March 31, 2022

STRATUS PROPERTIES INC.
CONSOLIDATED BALANCE SHEETS
(In Thousands, Except Par Value)

	December 31,	
	2021	2020
ASSETS		
Cash and cash equivalents	$ 24,229	$ 9,309
Restricted cash	18,294	8,899
Real estate held for sale	1,773	4,204
Real estate under development	181,224	98,137
Land available for development	40,659	53,432
Real estate held for investment, net	90,284	92,699
Lease right-of-use assets	10,487	10,796
Deferred tax assets	6,009	44
Other assets	17,214	17,960
Assets held for sale, including discontinued operations	151,053	248,536
Total assets	$ 541,226	$ 544,016
LIABILITIES AND EQUITY		
Liabilities:		
Accounts payable	$ 14,118	$ 7,455
Accrued liabilities, including taxes	22,069	7,994
Debt	106,648	137,699
Lease liabilities	13,986	13,195
Deferred gain	4,801	6,173
Other liabilities	17,894	9,600
Liabilities held for sale, including discontinued operations	153,097	252,136
Total liabilities	332,613	434,252
Commitments and contingencies (Notes 7 and 9)		
Equity:		
Stockholders' equity:		
Common stock, par value of $0.01 per share, 150,000 shares authorized,		
9,388 and 9,358 shares issued, respectively and		
8,245 and 8,221 shares outstanding, respectively	94	94
Capital in excess of par value of common stock	188,759	186,777
Accumulated deficit	(8,963)	(66,357)
Common stock held in treasury, 1,143 shares and 1,137 shares		
at cost, respectively	(21,753)	(21,600)
Total stockholders' equity	158,137	98,914
Noncontrolling interests in subsidiaries	50,476	10,850
Total equity	208,613	109,764
Total liabilities and equity	$ 541,226	$ 544,016

The accompanying Notes to Consolidated Financial Statements are an integral part of these consolidated financial statements.

STRATUS PROPERTIES INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(In Thousands, Except Per Share Amounts)

	Years Ended December 31,	
	2021	2020
Revenues:		
Real estate operations	$ 8,449	$ 22,578
Leasing operations	19,787	21,755
Total revenues	28,236	44,333
Cost of sales:		
Real estate operations	9,733	18,628
Leasing operations	9,030	11,201
Depreciation	5,449	7,581
Total cost of sales	24,212	37,410
General and administrative expenses	24,509	13,578
Impairment of real estate	1,825	—
Gain on sales of assets	(105,970)	—
Total	(55,424)	50,988
Operating income (loss)	83,660	(6,655)
Interest expense, net	(3,193)	(6,697)
Net gain on extinguishment of debt	1,529	—
Other income, net	65	200
Income (loss) before income taxes and equity in unconsolidated affiliates' loss	82,061	(13,152)
Provision for income taxes	(12,577)	(4,840)
Equity in unconsolidated affiliates' loss	(27)	(16)
Income (loss) from continuing operations	69,457	(18,008)
Net loss from discontinued operations	(6,208)	(6,467)
Net income (loss) and total comprehensive income (loss)	63,249	(24,475)
Total comprehensive (income) loss attributable to noncontrolling interests	(5,855)	1,685
Net income (loss) and total comprehensive income (loss) attributable to common stockholders	$ 57,394	$ (22,790)
Basic net income (loss) per share attributable to common stockholders:		
Continuing operations	$ 7.72	$ (1.99)
Discontinued operations	(0.75)	(0.79)
	$ 6.97	$ (2.78)
Diluted net income (loss) per share attributable to common stockholders:		
Continuing operations	$ 7.65	$ (1.99)
Discontinued operations	(0.75)	(0.79)
	$ 6.90	$ (2.78)
Weighted-average shares of common stock outstanding:		
Basic	8,236	8,211
Diluted	8,313	8,211

The accompanying Notes to Consolidated Financial Statements are an integral part of these consolidated financial statements.

STRATUS PROPERTIES INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands)

	Years Ended December 31,	
	2021	2020
Cash flow from operating activities:		
Net income (loss)	$ 63,249	$ (24,475)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Depreciation	9,964	13,670
Cost of real estate sold	4,056	12,092
Impairment of real estate	1,825	—
Gain on sales of assets	(105,970)	—
Net gain on extinguishment of debt	(1,529)	—
Debt issuance cost amortization and stock-based compensation	2,007	2,099
Equity in unconsolidated affiliates' loss	27	16
Deferred income taxes	(5,965)	12,267
Purchases and development of real estate properties	(52,772)	(13,775)
Write-off of capitalized hotel remodel costs	287	1,584
Increase in other assets	(2,212)	(5,134)
Increase (decrease) in accounts payable, accrued liabilities and other	33,423	(2,402)
Net cash used in operating activities	(53,610)	(4,058)
Cash flow from investing activities:		
Capital expenditures	(19,562)	(6,191)
Proceeds from sales of assets	209,947	—
Payments on master lease obligations	(1,501)	(1,637)
Other, net	56	6
Net cash provided by (used in) investing activities	188,940	(7,822)
Cash flow from financing activities:		
Borrowings from credit facility	39,700	29,300
Payments on credit facility	(83,004)	(28,478)
Borrowings from project loans	42,661	16,322
Payments on project and term loans	(130,723)	(8,708)
Stock-based awards net payments	(132)	(78)
Distributions to noncontrolling interests	(12,529)	(448)
Noncontrolling interests' contributions	46,300	—
Financing costs	(1,647)	(438)
Net cash (used in) provided by financing activities	(99,374)	7,472
Net increase (decrease) in cash, cash equivalents and restricted cash	35,956	(4,408)
Cash, cash equivalents and restricted cash at beginning of year	34,183	38,591
Cash, cash equivalents and restricted cash at end of year	$ 70,139	$ 34,183

The accompanying Notes to Consolidated Financial Statements, which include information regarding noncash transactions, are an integral part of these consolidated financial statements.

STRATUS PROPERTIES INC.
CONSOLIDATED STATEMENTS OF EQUITY
(In Thousands)

	Stratus Stockholders' Equity								
	Common Stock				Common Stock Held in Treasury				
	Number of Shares	At Par Value	Capital in Excess of Par Value	Accum-ulated Deficit	Number of Shares	At Cost	Total Stockholders' Equity	Noncontrolling Interests in Subsidiaries	Total Equity
Balance at December 31, 2019	9,330	$ 93	$186,082	$(43,567)	1,133	$(21,509)	$ 121,099	$ 12,983	$ 134,082
Exercised and vested stock-based awards	28	1	22	—	—	—	23	—	23
Stock-based compensation	—	—	673	—	—	—	673	—	673
Tender of shares for stock-based awards	—	—	—	—	4	(91)	(91)	—	(91)
Distributions to noncontrolling interests	—	—	—	—	—	—	—	(448)	(448)
Total comprehensive loss	—	—	—	(22,790)	—	—	(22,790)	(1,685)	(24,475)
Balance at December 31, 2020	9,358	94	186,777	(66,357)	1,137	(21,600)	98,914	10,850	109,764
Exercised and vested stock-based awards	30	—	25	—	—	—	25	—	25
Stock-based compensation	—	—	795	—	—	—	795	—	795
Grant of restricted stock units under the Profit Participation Incentive Plan	—	—	1,162	—	—	—	1,162	—	1,162
Tender of shares for stock-based awards	—	—	—	—	6	(153)	(153)	—	(153)
Distributions to noncontrolling interests	—	—	—	—	—	—	—	(12,529)	(12,529)
Noncontrolling interests' contributions	—	—	—	—	—	—	—	46,300	46,300
Total comprehensive income	—	—	—	57,394	—	—	57,394	5,855	63,249
Balance at December 31, 2021	9,388	$ 94	$188,759	$ (8,963)	1,143	$(21,753)	$ 158,137	$ 50,476	$ 208,613

The accompanying Notes to Consolidated Financial Statements are an integral part of these consolidated financial statements.

STRATUS PROPERTIES INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business and Principles of Consolidation. Stratus Properties Inc. (Stratus), a Delaware corporation, is engaged primarily in the acquisition, entitlement, development, management and sale of commercial, and multi-family and single-family residential real estate properties, and real estate leasing in the Austin, Texas area and other select markets in Texas. The real estate development, leasing and marketing operations of Stratus are conducted primarily through its subsidiaries. Stratus consolidates its wholly owned subsidiaries, subsidiaries in which Stratus has a controlling interest and variable interest entities (VIEs) in which Stratus is deemed the primary beneficiary. All significant intercompany transactions have been eliminated in consolidation. Refer to Note 4 for a discussion of Stratus' discontinued operations.

Concentration of Risks. Stratus conducts its operations in the Austin, Texas area and other select markets in Texas. Consequently, any significant economic downturn in the Texas market, and the Austin market specifically, could potentially have an effect on Stratus' business, results of operations and financial condition. Since January 2020, the COVID-19 pandemic has caused disruption in international and U.S. economies and markets and has impacted Stratus' revenue, operating income and cash flow during 2020 and 2021.

Use of Estimates. The preparation of Stratus' financial statements in conformity with accounting principles generally accepted in the United States (U.S.) requires management to make estimates and assumptions that affect the amounts reported in these financial statements and accompanying notes. The more significant areas requiring the use of management estimates include the estimates of future cash flow from development and sale of real estate properties used in the assessment of impairments; profit recognition related to the sales of real estate; deferred income taxes and related valuation allowances; income taxes; allocation of certain indirect costs; profit pools under the Profit Participation Incentive Plan (PPIP); and asset lives for depreciation. Actual results could differ from those estimates.

Cash and cash equivalents. All highly liquid investments with a maturity of three months or less when purchased are considered cash equivalents.

Restricted cash. Stratus' restricted cash is comprised of bank deposits and at December 31, 2021, primarily consists of $11.8 million related to The Saint June as a condition of the project's construction loan.

Real Estate. Real estate held for sale is stated at the lower of cost or fair value less costs to sell. The cost of real estate held for sale includes acquisition, development, construction and carrying costs, and other related costs incurred through the development stage. Real estate under development and land available for development are stated at cost. Real estate held for investment is stated at cost, less accumulated depreciation. Stratus capitalizes interest on funds used in developing properties from the date of initiation of development activities through the date the property is substantially complete and ready for use, sale or lease. Common costs are allocated based on the relative fair value of individual land parcels. Certain carrying costs are capitalized for properties currently under active development. Stratus capitalizes improvements that increase the value of properties and have useful lives greater than one year. Costs related to repairs and maintenance are charged to expense as incurred.

Stratus performs an impairment test when events or circumstances indicate that an asset's carrying amount may not be recoverable. Events or circumstances that Stratus considers indicators of impairment include significant decreases in market values, adverse changes in regulatory requirements (including environmental laws), significant budget overruns for properties under development, and current period or projected operating cash flow losses from properties held for investment. Impairment tests for properties held for investment and properties under development involve the use of estimated future net undiscounted cash flows expected to be generated from the operation of the property and its eventual disposition. If projected undiscounted cash flow is less than the related carrying amount, then a reduction of the carrying amount of the long-lived asset to fair value is required. Generally, Stratus determines fair value using valuation techniques such as discounted expected future cash flows. Impairment tests for properties held for sale involve management estimates of fair value based on estimated market values for similar properties in similar locations and management estimates of costs to sell. If estimated fair value less costs to sell is less than the related carrying amount, then a reduction of the carrying amount of the asset to fair value less costs to sell is required.

Should market conditions deteriorate in the future or other events occur that indicate the carrying amount of Stratus' real estate assets may not be recoverable, Stratus will reevaluate the expected cash flows from each property to determine whether any impairment exists.

Depreciation. Real estate held for investment is depreciated on a straight-line basis over the properties' estimated lives of 30 to 40 years. Furniture, fixtures and equipment are depreciated on a straight-line basis over a 3 to 15-year period. Tenant improvements are depreciated over the related lease terms.

Accrued Property Taxes. Stratus estimates its property taxes based on prior year property tax payments and other current events that may impact the amount. Upon receipt of the property tax bill, Stratus adjusts its accrued property tax balance at year-end to the actual amount of taxes due for such year. Accrued property taxes included in accrued liabilities totaled $3.6 million at December 31, 2021, and $6.5 million at December 31, 2020.

Revenue Recognition. Revenue or gains on sales of real estate are recognized when control of the asset has been transferred to the buyer if collection of substantially all of the consideration to which Stratus will be entitled is probable and Stratus has satisfied all other performance obligations under the contract. Consideration is allocated among multiple performance obligations or distinct nonfinancial assets to be transferred to the buyer based on relative fair value. Consideration is reasonably determined and deemed likely of collection when Stratus has signed sales agreements and has determined that the buyer has demonstrated a commitment to pay.

Stratus recognizes its rental income on a straight-line basis based on the terms of its signed leases with tenants. Recoveries from tenants for taxes, insurance and other commercial property operating expenses are recognized as revenues in the period the related costs are incurred. Stratus recognizes sales commissions and management and development fees when earned, as properties are sold or when the services are performed.

Cost of Sales. Cost of sales includes the cost of real estate sold as well as costs directly attributable to the properties sold, properties held for sale, and land available for development, such as marketing, maintenance and property taxes. Cost of sales also includes operating costs and depreciation for properties held for investment and municipal utility district reimbursements. A summary of Stratus' cost of sales follows (in thousands):

	Years Ended December 31,	
	2021	2020
Depreciation	$ 5,449	$ 7,581
Leasing Operations	9,030	11,201
Cost of developed property sales	2,617	12,479
Cost of undeveloped property sales	1,671	632
Project expenses and allocation of overhead costs (see below)	5,758	5,433
Other, net	(313)	84
Total cost of sales	$ 24,212	$ 37,410

Allocation of Overhead Costs. Stratus allocates a portion of its overhead costs to both capitalized real estate costs and cost of sales based on the percentage of time certain employees worked in the related areas (i.e. costs of construction and development activities are capitalized to real estate under development, and costs of project management, sales and marketing activities are charged to expense as cost of sales). Stratus capitalizes only direct and certain indirect project costs associated with the acquisition, development and construction of a real estate project. Indirect costs include allocated costs associated with certain pooled resources (such as office supplies, telephone and postage) which are used to support Stratus' development projects, as well as general and administrative functions. Allocations of pooled resources are based only on those employees directly responsible for development (i.e., project managers and subordinates). Stratus charges to expense indirect costs that do not clearly relate to a real estate project, such as all salaries and costs related to its Chief Executive Officer and Chief Financial Officer.

Municipal Utility District Reimbursements. Stratus capitalizes infrastructure costs and receives Barton Creek municipal utility district (MUD) reimbursements for certain infrastructure costs incurred in the Barton Creek area. MUD reimbursements received for infrastructure projects are recorded as a reduction of the related asset's carrying amount or cost of sales if the property has been sold. Stratus has long-term agreements with seven independent MUDs in Barton Creek to build the MUDs' utility systems and to be eligible for future reimbursements for the related costs.

In November 2017, the city of Magnolia and the state of Texas approved the creation of a MUD which will provide an opportunity for Stratus to recoup approximately $26 million over the life of the project for future road and utility infrastructure costs incurred in connection with its development of Magnolia Place, a mixed-use project that will be shadow-anchored by an H-E-B, L.P. (H-E-B) grocery store.

The amount and timing of MUD reimbursements depends upon the respective MUD having a sufficient tax base within its district to issue bonds and obtain the necessary state approval for the sale of the bonds. Because the timing of the issuance and approval of the bonds is subject to considerable uncertainty, coupled with the fact that interest rates on such bonds cannot be fixed until they are approved, the amounts associated with MUD reimbursements are not known until approximately one month before the MUD reimbursements are received. To the extent the reimbursements are less than the costs capitalized, Stratus records a loss when such determination is made. MUD reimbursements represent the actual amounts received.

Advertising Costs. Advertising costs are charged to expense as incurred and are included as a component of cost of sales. Advertising costs totaled $0.4 million in 2021 and $0.8 million in 2020.

Income Taxes. Stratus accounts for deferred income taxes under an asset and liability method, whereby deferred tax assets and liabilities are recognized based on the tax effects of temporary differences between the financial statements and the tax basis of assets and liabilities, as measured by currently enacted tax rates. The effect on deferred income tax assets and liabilities of a change in tax rates or laws is recognized in income or loss in the period in which such changes are enacted. Stratus periodically evaluates the need for a valuation allowance to reduce deferred tax assets to estimated recoverable amounts. Stratus establishes a valuation allowance to reduce its deferred tax assets and records a corresponding charge to earnings if it is determined, based on available evidence at the time, that it is more likely than not that any portion of the deferred tax assets will not be realized. In evaluating the need for a valuation allowance, Stratus estimates future taxable income based on projections and ongoing tax strategies. This process involves significant management judgment about assumptions that are subject to change based on variances between projected and actual operating performance and changes in Stratus' business environment or operating or financial plans. See Note 7 for further discussion.

Earnings Per Share. Stratus' basic net income (loss) per share of common stock was calculated by dividing the net income (loss) attributable to common stockholders by the weighted-average shares of common stock outstanding during the period. A reconciliation of net income (loss) and weighted-average shares of common stock outstanding for purposes of calculating diluted net income (loss) per share (in thousands, except per share amounts) follows:

	Years Ended December 31,	
	2021	2020
Income (loss) from continuing operations	$ 69,457	$ (18,008)
Net loss from discontinued operations	(6,208)	(6,467)
Net income (loss)	$ 63,249	$ (24,475)
Net (income) loss attributable to noncontrolling interests in subsidiaries	(5,855)	1,685
Net income (loss) attributable to Stratus common stockholders	$ 57,394	$ (22,790)
Basic weighted-average shares of common stock outstanding	8,236	8,211
Add shares issuable upon exercise or vesting of dilutive stock options and restricted stock units (RSUs)	77 [a]	— [b]
Diluted weighted-average shares of common stock outstanding	8,313	8,211
Basic net income (loss) per share attributable to common stockholders:		
Continuing operations	$ 7.72	$ (1.99)
Discontinued operations	(0.75)	(0.79)
Basic net income (loss) per share attributable to common stockholders	$ 6.97	$ (2.78)
Diluted net income (loss) per share attributable to common stockholders:		
Continuing operations	$ 7.65	$ (1.99)
Discontinued operations	(0.75)	(0.79)
Diluted net income (loss) per share attributable to common stockholders	$ 6.90	$ (2.78)

a. Excludes approximately 5 thousand shares associated with RSUs that were anti-dilutive.

b. Excludes approximately 86 thousand shares associated with RSUs and outstanding stock options that were anti-dilutive because of net losses.

Stock-Based Compensation. Compensation costs for share-based payments to employees are measured at fair value and charged to expense over the requisite service period for awards that are expected to vest. The fair value of RSUs and performance based RSUs is based on Stratus' stock price on the date of grant. Stratus estimates forfeitures at the time of grant and revises those estimates in subsequent periods if actual forfeitures differ from those estimates through the final vesting date of the awards.

Stratus may grant RSUs that settle in cash to employees and nonemployees under a profit participation incentive plan (the PPIP). As required for liability-based awards under Accounting Standards Codification 718, *Stock-Based Compensation*, at the date of grant, Stratus estimates the fair value of each award and adjusts the fair value in each subsequent reporting period. The awards are amortized on a straight-line basis over the estimated service period. See Note 8 for further discussion.

Related Party Transactions. Refer to Note 3 for discussion of LCHM Holdings, LLC (LCHM), its manager, and JBM Trust, which are related parties as a result of LCHM's representation on Stratus' Board of Directors (Board). LCHM and JBM Trust have invested in certain of Stratus' limited partnerships.

Stratus has an arrangement with Whitefish Partners, LLC (Whitefish Partners), formerly known as Austin Retail Partners, LLC, for services provided by a consultant of Whitefish Partners who is the son of Stratus' President and Chief Executive Officer. Payments to Whitefish Partners for the consultant's consulting services and expense reimbursements totaled $122 thousand during 2021 and $120 thousand during 2020.

Reclassifications. For comparative purposes, certain prior year amounts have been reclassified to conform with current year presentation. The reclassifications relate to (i) Stratus' presentation of The Santal's assets and liabilities as held for sale as of December 31, 2020, and (ii) Stratus' presentation of Block 21's assets and liabilities as held for sale as of December 31, 2020, and Block 21's revenues and expenses for the year ended December 31, 2020, classified as discontinued operations. Refer to Note 4 for a discussion of each transaction and the impacts to the consolidated financial statements.

Subsequent Events. Stratus evaluated events after December 31, 2021, and through the date the financial statements were issued, and determined any events or transactions occurring during this period that would require recognition or disclosure are appropriately addressed in these financial statements.

NOTE 2. LIMITED PARTNERSHIPS

The Saint George Apartments, L.P. In November 2021, The Saint George Apartments, L.P. (The Saint George partnership), a Texas limited partnership and subsidiary of Stratus, was formed to purchase land and develop, construct and lease The Saint George, a 317-unit luxury wrap-style multi-family project in Austin. In December 2021, an unrelated equity investor contributed $18.3 million to The Saint George partnership for a 90.0 percent interest. Stratus has a 10.0 percent interest in The Saint George partnership following its contribution of pursuit costs and $0.5 million of cash. In December 2021, The Saint George partnership purchased the land for the project for $18.5 million. Discussions with a lender are ongoing to provide a construction loan for development.

The Saint George partnership is governed by a limited partnership agreement between Stratus and the equity investor, and a wholly owned subsidiary of Stratus serves as the general partner. The general partner will manage The Saint George partnership in exchange for an asset management fee of $300 thousand per year beginning two years after construction of The Saint George, and will earn a development management fee of 4.0 percent of certain construction costs for The Saint George. The partnership agreement also contains a buy-sell option pursuant to which at any time either party will have the right to initiate a buy-sell of the other party's interests.

Stratus Block 150, L.P. In September 2021, Stratus Block 150, L.P., a Texas limited partnership and a subsidiary of Stratus, completed financing transactions from which a portion of the proceeds were used to purchase the land for Block 150, now known as The Annie B, a proposed luxury multi-family high-rise development with ground-level retail in downtown Austin, Texas. The proceeds will also be used to fund predevelopment costs of the project. These financing transactions included (i) a $14.0 million land loan and (ii) $11.7 million from the sale of Class B limited partnership interests in a private placement offering, along with $3.9 million in cash and pursuit costs contributed by wholly owned subsidiaries of Stratus. Refer to Note 6 for further discussion of the land loan.

Upon completion of the private placement offering, Stratus holds, in the aggregate, a 25.0 percent indirect equity interest in Stratus Block 150, L.P. No individual Class B limited partner has an equity interest greater than 25.0 percent. One of the participants in the private placement offering, JBM Trust, which purchased a limited partnership interest initially representing a 6.4 percent equity interest in Stratus Block 150, L.P., has a trustee who also serves as sole manager of LCHM.

Stratus Block 150, L.P. is governed by a limited partnership agreement between Stratus and the equity investors, and a wholly owned subsidiary of Stratus serves as the general partner. Stratus plans to capitalize The Annie B in a two-phase process consisting of the initial land partnership phase and potentially followed by a development partnership phase. No asset management fee will be paid to the general partner during the land partnership phase. If the general partner determines to proceed with the development partnership phase, the general partner would continue to manage Stratus Block 150, L.P. and would begin to receive an asset management fee to be agreed on at that time. During the development partnership phase, the general partner would receive a development management fee of approximately 4 percent of certain construction costs for The Annie B.

The Saint June, L.P. In June 2021, The Saint June, L.P., a Texas limited partnership and a subsidiary of Stratus, entered into a construction loan to develop The Saint June, a 182-unit luxury garden-style multi-family project within the Amarra development of the Barton Creek community in Austin, Texas. Refer to Note 6 for further discussion of this loan. In July 2021, an unrelated equity investor contributed $16.3 million to The Saint June, L.P. partnership for a 65.87 percent interest. Stratus has a 34.13 percent interest in The Saint June, L.P. following its contribution of land, development costs and $1.1 million of cash.

The Saint June, L.P. is governed by a limited partnership agreement between Stratus and the equity investor, and a wholly owned subsidiary of Stratus serves as the general partner. The general partner will manage The Saint June, L.P. in exchange for an asset management fee of $210 thousand per year beginning two years after construction of The Saint June, which began in July 2021, and will earn a development management fee of 4.0 percent of certain construction costs for The Saint June. The partnership agreement also contains a buy-sell option pursuant to which at any time either party will have the right to initiate a buy-sell of the other party’s interests.

Stratus Kingwood Place, L.P. In August 2018, Stratus Kingwood Place, L.P., a Texas limited partnership and a subsidiary of Stratus (the Kingwood, L.P.), completed a $10.7 million private placement, approximately $7 million of which, combined with a $6.8 million loan from Comerica Bank, was used to purchase a 54-acre tract of land located in Kingwood, Texas for $13.5 million, for the development of Kingwood Place, an H-E-B-anchored mixed-use development project (Kingwood Place). Two of the participants in the Kingwood Offering, LCHM and JBM Trust, each purchased Kingwood Class B limited partnership interests initially representing an 8.8 percent equity interest in the Kingwood, L.P.

Kingwood, L.P. is governed by a limited partnership agreement between Stratus and the equity investors, and a wholly owned subsidiary of Stratus serves as the general partner. The general partner manages the Kingwood, L.P., in exchange for an asset management fee of $283 thousand per year and earns a development management fee of 4.0 percent of certain construction costs for Kingwood Place.

In December 2018, the Kingwood, L.P., entered into a construction loan agreement with Comerica Bank, which supersedes and replaces the land acquisition loan agreement discussed above and provided for a loan totaling $32.9 million to finance nearly 70 percent of the costs associated with construction of Kingwood Place (see Note 6 for further discussion), which was subsequently modified and increased to $35.4 million in January 2020. The remaining 30 percent of the project’s cost (totaling approximately $15 million) was funded by borrower equity, contributed by Stratus and private equity investors.

In October 2019, Stratus acquired an unrelated equity investor's 33.33 percent interest in Kingwood, L.P. for $5.8 million. Following the acquisition, Stratus has a 60.0 percent interest in the Kingwood, L.P.

The Saint Mary, L.P. In June 2018, The Saint Mary, L.P., a Texas limited partnership and a consolidated subsidiary of Stratus, completed a series of financing transactions to develop The Saint Mary, a 240-unit luxury garden-style multi-family project in the Circle C community in Austin, Texas. The financing transactions included a $26.0 million construction loan with Texas Capital Bank, National Association and an $8.0 million private placement. Stratus holds, in aggregate, a 57 percent indirect equity interest in The Saint Mary, L.P. Two of the limited partners, LCHM and JBM Trust, each purchased Saint Mary Class B limited partnership interests initially representing a 6.1 percent equity interest in The Saint Mary, L.P.

As discussed further in Note 4, The Saint Mary, L.P. sold The Saint Mary property in January 2021. In connection with the sale, The Saint Mary, L.P. distributed $1.7 million each to LCHM and JBM Trust.

Accounting for Limited Partnerships. Stratus has performed evaluations and concluded that The Saint George partnership, Stratus Block 150, L.P., The Saint June, L.P., Kingwood, L.P. and The Saint Mary, L.P. are variable interest entities and that Stratus is the primary beneficiary. Accordingly, the partnerships' results are consolidated in Stratus' financial statements. Stratus will continue to evaluate which entity is the primary beneficiary of these partnerships in accordance with applicable accounting guidance.

Stratus' consolidated balance sheets include the following assets and liabilities of the partnerships (in thousands), except those related to The Saint Mary. The assets and liabilities of The Saint Mary (primarily the real estate held for investment and the related debt) are presented as held for sale in Stratus' consolidated balance sheet as of December 31, 2020. Refer to Note 4 for further details of The Saint Mary sale, and assets and liabilities held for sale.

	December 31,	
	2021	2020
Assets:		
Cash and cash equivalents	$ 6,177	$ 745
Restricted cash	11,809	—
Real estate under development	62,692	2,380
Land available for development	7,641	8,143
Real estate held for investment, net	31,399	31,962
Other assets	3,132	2,195
Total assets	122,850	45,425
Liabilities:		
Accounts payable and accrued liabilities	5,499	850
Debt	46,096	31,215
Total liabilities	51,595	32,065
Net assets	$ 71,255	$ 13,360

NOTE 3. REAL ESTATE, NET

Stratus' consolidated balance sheets include the following net real estate assets (in thousands):

	December 31,	
	2021	2020
Real estate held for sale:		
Developed lots and, at December 31, 2020, one condominium unit	$ 1,773	$ 4,204
Real estate under development:		
Acreage, multi-family units, commercial square footage and homes	181,224	98,137
Land available for development:		
Undeveloped acreage	40,659	53,432
Real estate held for investment:		
Kingwood Place	33,979	33,579
Lantana Place	30,283	30,258
Jones Crossing	25,239	24,651
West Killeen Market	10,237	10,233
Furniture, fixtures and equipment	730	1,253
Total	100,468	99,974
Accumulated depreciation	(10,184)	(7,275)
Total real estate held for investment, net	90,284	92,699
Total real estate, net	$ 313,940	$ 248,472

Real estate held for sale. Developed lots and a condominium unit include individual tracts of land that have been developed and permitted for residential use and a condominium unit at the W Austin Residences in Block 21, which was sold in 2021. As of December 31, 2021, Stratus owned two developed lots.

Real estate under development. Acreage under development includes real estate for which infrastructure work over the entire property has been completed, is currently being completed or is able to be completed and for which necessary permits have been obtained. Real estate under development also includes commercial and residential properties under construction. Stratus' real estate under development as of December 31, 2021, increased from December 31, 2020, primarily as a result of the acquisitions of land for The Saint George and The Annie B projects and the construction of The Saint June.

Included in real estate under development is an office building in Austin, Texas that Stratus is renovating. During 2021 and in connection with Stratus' evaluation of properties for indication of impairment, the estimated net undiscounted future cash flows from this property were less than its carrying value, and Stratus recorded a $500 thousand impairment charge to reduce its carrying value to its estimated fair value. Real estate under development also includes The Villas at Amarra Drive (Amarra Villas), a 20-unit project within the Amarra development. During 2021, Stratus recorded a $700 thousand impairment charge for the Amarra Villas homes because the estimated total project costs and costs of sale for two of the homes under construction exceed their contract sale prices, as Stratus was required to retain a new general contractor during the course of construction and after entering into the sales contracts for the two homes.

Land available for development. Undeveloped acreage includes real estate that can be sold “as is” (i.e., planning, infrastructure or development work is not currently in progress on such property). Stratus’ undeveloped acreage as of December 31, 2021, included land permitted for residential and commercial development and vacant pad sites at West Killeen Market, Jones Crossing and Kingwood Place.

Stratus recorded a $625 thousand impairment charge in 2021 related to entering into a contract to sell the multi-family tract of land at Kingwood Place. If consummated, the sale is expected to close mid-2022. See Note 4 for further discussion.

Real estate held for investment. The Kingwood Place project includes 151,855 square-feet of commercial space anchored by an H-E-B grocery store and leased pad sites. The Lantana Place project includes 99,379 square feet for the first retail phase. The Jones Crossing project includes 154,117 square-feet for the first phase of the retail component of an H-E-B-anchored, mixed-use development. The West Killeen Market project includes 44,493 square-feet of commercial space adjacent to a 90,000 square-foot H-E-B grocery store.

Capitalized interest. Stratus recorded capitalized interest of $5.5 million in 2021 and $4.7 million in 2020.

NOTE 4. ASSET SALES

Block 21 Pending Sale - Discontinued Operations. Block 21 is Stratus’ wholly owned mixed-use real estate development and entertainment business in downtown Austin, Texas. Block 21 contains the 251-room W Austin Hotel and is home to Austin City Limits Live at the Moody Theater, a 2,750-seat entertainment venue that serves as the location for the filming of Austin City Limits, the longest running music series in American television history. Block 21 also includes Class A office space, retail space and the 3TEN ACL Live entertainment venue and business.

In December 2019, Stratus announced that it had agreed to sell Block 21 to Ryman Hospitality Properties, Inc. (Ryman) for $275.0 million. Ryman deposited $15.0 million in earnest money to secure its performance under the agreements governing the sale. In May 2020, Ryman delivered a termination letter, which was agreed to and accepted by Stratus, terminating the agreements to sell Block 21 and authorizing the release of Ryman's $15.0 million in earnest money to Stratus, which Stratus recorded as operating income in 2020.

In October 2021, Stratus entered into new agreements to sell Block 21 to Ryman for $260.0 million. The purchase price includes the purchaser’s assumption of approximately $138 million of existing Block 21 mortgage debt and is subject to downward adjustments up to $5.0 million. The remainder of the purchase price will be paid in cash. The transaction is expected to close sometime prior to June 1, 2022, subject to the timely satisfaction or waiver of various closing conditions, including the consent of the loan servicer to the purchaser’s assumption of the existing mortgage loan, the consent of the hotel operator, an affiliate of Marriott, to the purchaser’s assumption of the hotel operating agreement, the absence of a material adverse effect, and other customary closing conditions. The Block 21 purchase agreements will terminate if all conditions to closing are not satisfied or waived by the parties. Ryman has deposited $5.0 million in earnest money to secure its performance under the agreements governing the sale. Of the total purchase price, $6.9 million will be held in escrow for 12 months after the closing, subject to a longer retention period with respect to any required reserve for pending claims.

In accordance with accounting guidance, Stratus reported the results of operations of Block 21 as discontinued operations in the consolidated statements of comprehensive income (loss) because the disposal represents a strategic shift that had a major effect on operations, and presented the assets and liabilities of Block 21 as held for sale - discontinued operations in the consolidated balance sheets for all periods presented. Block 21 did not have any other comprehensive income and Stratus' consolidated statements of cash flows are reported on a combined basis without separately presenting discontinued operations.

The carrying amounts of Block 21's major classes of assets and liabilities, which were classified as held for sale, in Stratus' consolidated balance sheets follow (in thousands):

	December 31,	
	2021	2020
Assets:		
Cash and cash equivalents	$ 9,172	$ 3,125
Restricted cash	18,444 [a]	12,850
Real estate held for investment, net	120,452	124,669
Other assets	2,985	2,165
Total assets held for sale	$ 151,053	$ 142,809
Liabilities:		
Accounts payable and accrued liabilities, including taxes	$ 6,200	$ 5,296
Debt[b]	136,684	139,013
Other liabilities	10,213	7,183
Total liabilities held for sale	$ 153,097	$ 151,492

a. Most restricted cash would be received by Ryman upon the closing of the sale.

b. In 2016, Stratus completed the refinancing of the W Austin Hotel & Residences. Goldman Sachs Mortgage Company provided a $150.0 million, ten-year, non-recourse term loan with a fixed interest rate of 5.58 percent per annum and payable monthly based on a 30-year amortization.

Block 21's results of operations, presented as net loss from discontinued operations in Stratus' consolidated statements of comprehensive income (loss) follow (in thousands):

	Years Ended December 31,	
	2021	2020
Revenues:[a]		
Hotel	$ 18,310	$ 9,912
Entertainment	12,929	5,232
Leasing operations and other	1,479	1,539
Total revenue	32,718	16,683
Cost of Sales:		
Hotel	15,784	15,427
Entertainment	10,482	6,534
Leasing operations and other	872	1,561
Depreciation	4,515 [b]	6,089
Total cost of sales	31,653	29,611
General and administrative expenses	735	1,457
Income from forfeited earnest money	—	(15,000)
Operating income	330	615
Interest expense, net	(7,972)	(8,103)
Benefit from income taxes	1,434	1,021
Net loss from discontinued operations	$ (6,208)	$ (6,467)

a. In accordance with accounting guidance, amounts are net of eliminations of intercompany sales totaling $1.2 million in 2021 and $1.0 million in 2020.

b. In accordance with accounting guidance, depreciation is not recognized subsequent to classification as assets held for sale, which occurred in December 2021.

Capital expenditures associated with discontinued operations totaled $0.5 million in 2021 and $1.0 million in 2020.

The Santal. In December 2021, Stratus completed the sale of The Santal for $152.0 million, less a $0.7 million repair credit. The Santal was Stratus' wholly owned 448-unit luxury garden-style multi-family project located in Section N of Austin's Barton Creek community. After closing costs and repayment of The Santal loan, the sale generated net proceeds of approximately $74 million and Stratus recorded a pre-tax gain on the sale of $83.0 million in 2021. Stratus also recognized a $1.9 million loss on extinguishment of debt in 2021, primarily for prepayment fees on The Santal loan.

Stratus reported the assets and liabilities of The Santal as held for sale in its December 31, 2020, consolidated balance sheet. The carrying amounts of the major classes of assets and liabilities for The Santal as of December 31, 2020, follow (in thousands):

Assets:		
Real estate held for investment, net	$	69,160
Other assets		51
Total assets held for sale	$	69,211
Liabilities:		
Accrued liabilities	$	170
Debt		74,343
Other liabilities		524
Total liabilities held for sale	$	75,037

The Santal had rental revenue of $8.7 million in both 2021 and 2020. Interest expense related to The Santal loan was $3.0 million in 2021 and $4.0 million in 2020.

The Saint Mary. In January 2021, The Saint Mary, L.P. sold The Saint Mary for $60.0 million. After closing costs and payment of the outstanding construction loan, the sale generated net proceeds of approximately $34 million. After establishing a reserve for remaining costs of the partnership, Stratus received $21.9 million from the subsidiary in connection with the sale and $12.2 million of the net proceeds were distributed to the noncontrolling interest owners. Stratus recognized a pre-tax gain on the sale of $22.9 million ($16.2 million net of noncontrolling interests) in 2021. Stratus also recognized a $63 thousand loss on extinguishment of debt in 2021 related to the repayment of The Saint Mary construction loan. See Note 2 for further discussion of The Saint Mary, L.P. and The Saint Mary project.

Stratus reported the assets and liabilities of The Saint Mary as held for sale in its December 31, 2020, consolidated balance sheet. The carrying amounts of the major classes of assets and liabilities for The Saint Mary as of December 31, 2020, follow (in thousands):

Assets:		
Real estate held for investment, net	$	36,341
Other assets		175
Total assets held for sale	$	36,516
Liabilities:		
Accrued liabilities	$	68
Debt		25,319
Other liabilities		220
Total liabilities held for sale	$	25,607

The Saint Mary had rental revenue of $0.1 million in 2021 prior to the sale and $3.2 million in 2020. Interest expense on The Saint Mary construction loan was less than $0.1 million in 2021 and $1.1 million in 2020.

Kingwood Place Pending Land Sale. In September 2021, Stratus entered into a contract to sell the multi-family tract of land at Kingwood Place, which was planned for approximately 275 multi-family units, for $5.5 million. The sale, if consummated, is expected to close by mid-2022. Upon entering into the contract, Stratus recorded a $625 thousand impairment charge to reduce the carrying value of the land to its fair value based on the contractual sale price less estimated selling costs.

NOTE 5. FAIR VALUE MEASUREMENTS

Fair value accounting guidance includes a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

The carrying value for certain Stratus financial instruments (i.e., cash and cash equivalents, restricted cash, accounts payable and accrued liabilities) approximates fair value because of their short-term nature and generally negligible credit losses.

A summary of the carrying amount and fair value of Stratus' other financial instruments follows (in thousands):

	December 31, 2021		December 31, 2020	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Liabilities:				
Debt	$ 106,648	$ 108,091	$ 137,699	$ 138,784

Stratus' debt is recorded at cost and is not actively traded. Fair value is estimated based on discounted future expected cash flows at estimated current market interest rates. Accordingly, Stratus' debt is classified within Level 2 of the fair value hierarchy. The fair value of debt does not represent the amounts that will ultimately be paid upon the maturities of the loans.

NOTE 6. DEBT

Stratus' debt follows (in thousands):

	December 31,	
	2021	2020
Comerica Bank credit facility,		
average interest rate of 5.00% in 2021 and 5.25% in 2020	$ —	$ 43,304
Jones Crossing loan,		
average interest rate of 2.40% in 2021	24,042	—
The Annie B land loan,		
average interest rate of 3.50% in 2021	13,847	—
New Caney land loan,		
average interest rate of 3.11% in 2021 and 3.69% in 2020	4,496	4,949
Paycheck Protection Program loan,		
fixed interest rate of 1.00% in 2021 and 2020	156	3,987
Construction loans:		
Kingwood Place construction loan,		
average interest rate of 2.61% in 2021 and 3.32% in 2020	32,249	31,215
Lantana Place construction loan,		
average interest rate of 3.00% in 2021 and 3.60% in 2020	22,098	24,051
West Killeen Market construction loan,		
average interest rate of 3.00% in 2021 and 3.51% in 2020	6,078	6,707
Magnolia Place construction loan,		
average interest rate of 3.50% in 2021	2,077	—
Amarra Villas credit facility,		
average interest rate of 3.10% in 2021 and 0.92% in 2020	1,605	1,109
Jones Crossing construction loan,		
average interest rate of 4.00% in 2021 and 4.30% in 2020	—	22,377
Total debt[a]	$ 106,648	$ 137,699

a. Includes net reductions for unamortized debt issuance costs of $1.2 million at December 31, 2021, and $0.8 million at December 31, 2020.

Comerica Bank credit facility. Stratus' loan agreement with Comerica Bank provides for a revolving credit facility of $60.0 million and a $7.5 million sublimit for letters of credit issuance, subject to a borrowing base limitation as described in the loan agreement. In June 2020, Stratus entered into an amendment to its credit facility agreement with Comerica Bank to (i) extend the maturity date of the facility to September 27, 2022, and (ii) permit reappraisals of portions of the mortgaged property in the event of certain entitlement upgrades. Advances under the credit facility

bear interest at the annual London Interbank Offered Rate (LIBOR) (with a floor of 1.0 percent) plus 4.0 percent. The Comerica Bank credit facility is secured by substantially all of Stratus' and its subsidiaries' assets, except for properties that are encumbered by separate debt financing. The loan agreement contains financial covenants, including a requirement that Stratus maintain a net asset value, as defined in the agreement, of $125.0 million and an aggregate debt-to-gross asset value of less than 50 percent. In addition, Stratus must maintain a loan-to-value ratio of less than or equal to 50 percent; if the ratio is exceeded, Stratus must make a mandatory prepayment to achieve compliance. The loan agreement requires Comerica Banks' prior written consent for any common stock repurchases in excess of $1.0 million or any dividend payments. After using a portion of the proceeds from the sale of The Santal to pay down the balance, as of December 31, 2021, Stratus had $59.7 million available under its $60.0 million Comerica Bank revolving credit facility, with letters of credit totaling $347 thousand committed against the credit facility.

Jones Crossing loan and Jones Crossing construction loan. In June 2021, a Stratus subsidiary entered into a $24.5 million loan with Regions Bank (the Jones Crossing loan). Of the proceeds from the Jones Crossing loan, $22.2 million was used to repay in full the original Jones Crossing construction loan. The repayment of the Jones Crossing construction loan resulted in Stratus recognizing a $163 thousand loss on the early extinguishment of debt representing the write-off of unamortized debt issuance costs related to the construction loan.

The Jones Crossing loan has a maturity date of June 17, 2026, and bears interest at LIBOR plus 2.25 percent (or, if applicable, a replacement rate), provided LIBOR shall not be less than 0.15 percent. Payments of interest only on the Jones Crossing loan are due monthly through the term of the loan with the outstanding principal due at maturity. If the debt service coverage ratio falls below 1.15 to 1.00 for any fiscal quarter beginning with the quarter ending September 30, 2022, a "Cash Sweep Period" (as defined in the Jones Crossing loan) results, which limits Stratus' ability to receive cash from its Jones Crossing subsidiary. The Jones Crossing loan is secured by the Jones Crossing project, and Stratus has provided a guaranty limited to non-recourse carve-out obligations and environmental indemnification. In addition, any default under the ground leases, which grant Stratus the right to occupy the Jones Crossing property, would trigger the carve-out guaranty. The Jones Crossing loan contains certain financial covenants, including a requirement that Stratus maintain liquid assets of at least $2.0 million.

The Annie B land loan. In September 2021, a Stratus subsidiary entered into an 18-month, $14.0 million land loan with Comerica Bank to acquire the land for The Annie B project (The Annie B land loan). The loan matures on March 1, 2023, and bears interest at LIBOR plus 3.0 percent, provided LIBOR shall not be less than 0.5 percent. Payments of interest only on the loan are due monthly through February 2023, with the outstanding principal due at maturity. The Annie B land loan is guaranteed by Stratus and secured by The Annie B project. The loan agreement contains financial covenants, including a requirement that Stratus maintain a net asset value, as defined in the agreement, of $125.0 million and an aggregate debt-to-gross asset value of less than 50 percent. The Annie B land loan requires Comerica Banks' prior written consent for any Stratus common stock repurchases in excess of $1.0 million.

New Caney loan. In March 2019, a Stratus subsidiary entered into a $5.0 million land loan with Texas Capital Bank. Proceeds from the loan were used to fund the acquisition of H-E-B's portion of the New Caney partnership in which Stratus and H-E-B purchased a tract of land for the future development of an H-E-B-anchored mixed-use project in New Caney, Texas. In March 2021, Stratus exercised its option to extend the loan for an additional 12 months to March 8, 2022, which required a principal payment of $0.5 million. In March 2022, Stratus extended the loan for an additional 12 months to March 8, 2023, which required a principal payment of $0.2 million and will require a second principal payment of $0.2 million in September 2022. Stratus also entered into an amendment to the New Caney land loan to convert the benchmark rate from LIBOR to the Secured Overnight Financing Rate (SOFR). The loan now bears interest at SOFR plus 3.0 percent, subject to the applicable margin adjustment. Borrowings are secured by the New Caney land and are guaranteed by Stratus. The loan agreement contains financial covenants including a requirement that Stratus maintain a net asset value of $125.0 million and unencumbered liquid assets of no less than $10.0 million.

Paycheck Protection Program loan. In April 2020, Stratus received a $4.0 million loan under the Paycheck Protection Program (PPP loan) of the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act), which was signed into law on March 27, 2020. The PPP loan bears interest at 1.0 percent and matures April 15, 2022, except for the portion that was forgiven. Stratus' PPP loan forgiveness application was accepted and approved in August 2021 and the outstanding balance and accrued interest were forgiven with the exception of $0.3 million. As such, Stratus recognized a gain on extinguishment of debt of $3.7 million during 2021.

Kingwood Place construction loan. In 2018, the Kingwood, L.P., entered into a construction loan agreement with Comerica Bank (the Kingwood Place construction loan), which provides financing for nearly 70 percent of the costs associated with construction of Kingwood Place. The total loan of $32.9 million included the original commitment of $6.75 million used to purchase a 54-acre tract of land located in Kingwood, Texas, and an additional $26.1 million for the development of Kingwood Place. The remaining 30 percent of the project's cost (totaling approximately $15 million) was funded by borrower equity, contributed by Stratus and private equity investors. In January 2020, the Kingwood Place construction loan was modified to increase the loan amount by $2.5 million to a total of $35.4 million. The increase was used to fund the construction of a retail building on an existing Kingwood Place retail pad. The loan has a maturity date of December 6, 2022, with the possibility of two 12-month extensions if certain debt service coverage ratios are met. The loan bears interest at LIBOR plus 2.5 percent. Borrowings on the Kingwood Place construction loan are secured by the Kingwood Place project, and are guaranteed by Stratus until certain conditions are met. The loan agreement contains financial covenants, including a requirement that Stratus maintain a net asset value, as defined in the agreement, of $125.0 million and an aggregate debt-to-gross asset value of less than 50 percent. The Kingwood Place construction loan requires Comerica Banks' prior written consent for any common stock repurchases in excess of $1.0 million.

Lantana Place construction loan. In 2017, a Stratus subsidiary entered into a $26.3 million construction loan with Southside Bank (the Lantana Place construction loan) to finance the initial phase of Lantana Place. Interest is variable at one-month LIBOR plus 2.75 percent, subject to a minimum interest rate of 3.0 percent. Payments of interest only were due monthly, through October 1, 2020, and afterward the principal balance is being paid in equal monthly installments of principal and interest based on a 30-year amortization. Outstanding amounts must be repaid in full on or before April 28, 2023, and can be prepaid without penalty. The loan agreement contains financial covenants, including a requirement that Stratus maintain a net asset value, as defined in the agreement, of $125.0 million and a requirement that Stratus' Lantana Place subsidiary maintain a debt service coverage ratio of at least 1.35 to 1.00. Outstanding amounts are secured by the Lantana Place project. Stratus has guaranteed outstanding amounts under the loan until completion of the initial phase of Lantana Place and the development is able to maintain a debt service ratio of 1.50 to 1.00 for a period of six consecutive months.

In January 2021, Stratus entered into amendments to the Lantana Place construction loan in which Stratus' Lantana Place subsidiary was granted a waiver of the debt service coverage ratio covenant until September 30, 2021, at which point the ratio is measured by reference to the three-month period then ended, and subsequently builds each quarter until measured by reference to the 12-month period ending June 30, 2022, and then on a trailing 12-month period for each quarter thereafter. As part of the January 2021 amendment, Stratus repaid $2.0 million in principal on the Lantana Place construction loan.

In January 2022, Stratus entered into an amendment to the Lantana Place construction loan to extend the date through which Stratus can draw on the loan through December 31, 2022.

West Killeen Market construction loan. In 2016, a Stratus subsidiary entered into a $9.9 million construction loan agreement with Southside Bank (the West Killeen Market loan) to finance a portion of the construction of the West Killeen Market project. Interest on the loan is variable at one-month LIBOR plus 2.75 percent, subject to a minimum interest rate of 3.0 percent. Payments of interest only were due monthly, through February 1, 2020, and afterward the principal balance is being paid in equal monthly installments of principal and interest based on a 30-year amortization. Outstanding amounts must be paid in full on or before July 31, 2022. The loan is secured by the West Killeen Market project and is guaranteed by Stratus until Stratus' West Killeen Market subsidiary is able to maintain a debt service ratio of 1.50 to 1.00 as of the end of each fiscal quarter after completion of construction on the project, measured by reference to the trailing six-month period ending on the last day of such quarter. The loan agreement contains financial covenants, including a requirement that Stratus maintain a net asset value, as defined in the agreement, of $125.0 million and a requirement that Stratus' West Killeen Market maintains a debt service coverage ratio of at least 1.35 to 1.00 measured by reference on a trailing 12-month period for each quarter.

Magnolia Place construction loan. In August 2021, a Stratus subsidiary entered into a $14.8 million construction loan with Veritex Community Bank secured by the Magnolia Place project. The loan matures on August 12, 2024, with two options to extend the maturity for an additional 12 months, subject to satisfying specified conditions and the payment of an extension fee. The loan bears interest at 30-day LIBOR plus 3.25 percent (or, if applicable, a replacement rate), with a floor of 3.50 percent. Payments of interest only are due monthly with the outstanding principal due at maturity. Stratus provided a completion guaranty and 25-percent-limited-payment guaranty. The loan agreement contains financial covenants, including that Stratus is required to maintain a net asset value, as defined in the loan agreement, of $125.0 million and liquid assets of at least $7.5 million.

Amarra Villas credit facility. In 2016, a Stratus subsidiary entered into the Amarra Villas credit facility to finance construction of the Amarra Villas project. In March 2019, two Stratus subsidiaries entered into a loan agreement with Comerica Bank to modify, increase and extend Stratus' Amarra Villas credit facility, which was scheduled to mature in July 2019. The new loan agreement provides for an increase in the revolving credit facility commitment from $8.0 million to $15.0 million and an extension of the maturity date to March 19, 2022. In March 2022, the Stratus subsidiaries and Comerica Bank agreed to an extension of the maturity date to June 19, 2022, while they negotiate a modification of this facility.

Interest on the loan is variable at LIBOR plus 3.0 percent. The Amarra Villas credit facility contains financial covenants, including a requirement that Stratus maintain a net asset value, as defined in the agreement, of $125.0 million and a debt-to-gross asset value of less than 50 percent. At December 31, 2021, Stratus had $13.4 million available under its $15.0 million Amarra Villas credit facility. Principal paydowns occur as homes are sold, and additional amounts are borrowed as additional homes are constructed. The loan is secured by the Amarra Villas project and guaranteed by Stratus. The Amarra Villas credit facility requires Comerica Banks' prior written consent for any common stock repurchases in excess of $1.0 million.

The Saint June construction loan. In June 2021, The Saint June, L.P. entered into a construction loan with Texas Capital Bank to finance approximately 55 percent of the estimated $55 million cost of the development and construction of The Saint June. Available borrowings under the loan total the least of (i) $30.3 million, (ii) 60 percent of the total construction costs, or (iii) 55 percent of the as-stabilized appraised value of the property. As of December 31, 2021, no amounts were outstanding under this loan.

The loan matures on October 2, 2024, with two options to extend the maturity for an additional 12 months, subject to satisfying specified conditions and the payment of an extension fee for each extension. The loan bears interest at 30-day LIBOR plus 2.75 percent (or, if applicable, a replacement rate), with a floor of 3.50 percent. Payments of interest only on the loan are due monthly through October 2, 2024, with the outstanding principal due at maturity.

The loan is secured by The Saint June project and is fully guaranteed by Stratus. However, the guaranty will convert to a 50 percent repayment guaranty upon completion of construction of The Saint June. Further, once The Saint June, L.P. is able to maintain a debt service coverage ratio of 1.25 to 1.00, the repayment guaranty will be eliminated. Notwithstanding the foregoing, Stratus will remain liable for customary carve-out obligations and environmental indemnity. Stratus is also required to maintain a net asset value, as defined by the guaranty, of $125.0 million and liquid assets of at least $10.0 million. The Saint June, L.P. is not permitted to make distributions to its partners until completion of The Saint June project and after the project achieves a debt service coverage ratio of at least 1.00 for three consecutive months.

Financial Covenants and Compliance. Stratus' and its subsidiaries' debt arrangements contain significant limitations that may restrict Stratus' and its subsidiaries' ability to, among other things: borrow additional money or issue guarantees; pay dividends, repurchase equity or make other distributions to equityholders; make loans, advances or other investments; create liens on assets; sell assets; enter into sale-leaseback transactions; enter into transactions with affiliates; permit a change of control; sell all or substantially all of its assets; and engage in mergers, consolidations or other business combinations. As of December 31, 2021, Stratus and its subsidiaries were in compliance with the financial covenants contained in the financing agreements discussed above.

LIBOR Phase Out. Certain of Stratus' debt agreements, including its Comerica Bank credit facility, reference LIBOR which is being phased out and replaced with alternative reference rates. Stratus does not expect the transition from LIBOR and other interbank offered rates to have a material impact on its consolidated financial results.

Interest Payments. Interest paid on debt, excluding debt related to Block 21, The Santal and The Saint Mary included in liabilities held for sale, totaled $4.8 million in 2021 and $4.7 million in 2020.

Maturities. Maturities of debt based on the principal amounts and terms outstanding at December 31, 2021, and excluding debt related to Block 21 included in liabilities held for sale, total $45.6 million in 2022, $35.4 million in 2023, $2.4 million in 2024 and $24.5 million in 2026.

NOTE 7. INCOME TAXES

Stratus' provision for income taxes consists of the following (in thousands):

	Years Ended December 31,	
	2021	2020
Current	$ 18,608	$ (6,208)
Deferred	(6,031)	11,048
Provision for income taxes	$ 12,577	$ 4,840

The components of deferred income taxes follow (in thousands):

	December 31,	
	2021	2020
Deferred tax assets and liabilities:		
Real estate, commercial leasing assets and facilities	$ 9,743	$ 8,622
Employee benefit accruals	2,411	834
Deferred income	10	11
Charitable contribution carryforward	—	208
Other assets	3,465	3,704
Net operating loss credit carryforwards	—	444
Other liabilities	(3,180)	(3,095)
Valuation allowance	(6,440)	(10,684)
Deferred tax assets, net	$ 6,009	$ 44

The $6.0 million increase in Stratus' net deferred tax assets is primarily attributable to the release of a valuation allowance on deferred tax assets expected to be realized in 2022 from the pending sale of Block 21. Management concluded that the pending sale of Block 21 was sufficient positive evidence to support the reversal of the valuation allowance on certain deferred tax assets expected to be realized from the sale. Stratus continues to maintain a valuation allowance on its remaining deferred tax assets. In evaluating the recoverability of the remaining deferred tax assets, management considered available positive and negative evidence, giving greater weight to the uncertainty regarding projected future financial results.

Upon a change in facts and circumstances, management may conclude that sufficient positive evidence exists to support a reversal of, or decrease in, the valuation allowance in the future, which would favorably impact Stratus' results of operations. Stratus' future results of operations may be negatively impacted by an inability to realize a tax benefit for future tax losses or for items that will generate additional deferred tax assets that are not more likely than not to be realized. Stratus' future results of operations may be favorably impacted by reversals of valuation allowances if Stratus is able to demonstrate sufficient positive evidence that its deferred tax assets will be realized.

Reconciliations of the U.S. federal statutory tax rate to Stratus' effective income tax rate follow (dollars in thousands):

	Years Ended December 31,			
	2021		2020	
	Amount	Percent	Amount	Percent
Income tax benefit computed at the federal statutory income tax rate	$ 17,228	21 %	$ (2,765)	21 %
Adjustments attributable to:				
Change in valuation allowance	(4,247)	(5)	10,252	(78)
Noncontrolling interests	(1,230)	(2)	354	(3)
State taxes	571	1	218	(2)
Executive compensation limitation	840	1	183	(1)
Change in statutory rate	—	—	(3,539)	27 [a]
PPP loan forgiveness and other	(585)	(1)	137	(1)
Provision for income taxes	$ 12,577	15 %	$ 4,840	(37)%

a. The CARES Act allows Stratus to carry back losses to 2017 when the U.S. corporate tax rate was 35 percent, resulting in this discrete tax benefit. The CARES Act provides retroactive tax provisions and other stimulus measures to affected companies including the ability to carry back net operating losses, raising the limitation on the deductibility of interest expense, technical corrections to accelerate tax depreciation for qualified improvement property, and delaying the payment of employer payroll taxes.

Stratus paid federal income taxes and state margin taxes totaling $0.4 million in 2021 and $0.5 million in 2020. In connection with the CARES Act and the ability to carry back net operating losses, Stratus received a $1.9 million U.S. federal income tax refund in 2021 related to 2019 and 2020. Stratus has filed for an additional refund of $5.1 million related to the carry back of net operating losses, which is still outstanding. Stratus also received a $1.7 million U.S. federal income tax refund in 2020.

Uncertain Tax Positions. During the two years ended December 31, 2021, Stratus recorded unrecognized tax benefits related to state margin tax filing positions and federal examinations. A summary of the changes in unrecognized tax benefits follows (in thousands):

	Years Ended December 31,	
	2021	2020
Balance at January 1	$ 210	$ 198
Additions for tax positions related to prior years	11	12
Balance at December 31	$ 221	$ 210

As of December 31, 2021, Stratus had $0.2 million of unrecognized tax benefits that if recognized would affect its annual effective tax rate. During 2022, approximately $0.2 million of unrecognized tax benefits could be recognized as a result of the expiration of statutes of limitations and completion of federal and state examinations.

Stratus records liabilities offsetting the tax provision benefits of uncertain tax positions to the extent it estimates that a tax position is more likely than not to not be sustained upon examination by the taxing authorities. Stratus has elected to classify any interest and penalties related to income taxes within income tax expense in its consolidated statements of comprehensive income (loss). As of December 31, 2021, less than $0.1 million of such interest costs have been accrued.

Stratus files both U.S. federal income tax and state margin tax returns. With limited exceptions, Stratus is no longer subject to U.S. federal income tax examinations by tax authorities for the years prior to 2015, and state margin tax examinations for the years prior to 2017. Currently, Stratus is under examination by the Internal Revenue Service for tax years 2015 to 2017.

NOTE 8. EQUITY TRANSACTIONS, STOCK-BASED COMPENSATION AND EMPLOYEE BENEFITS

Equity

Share Purchase Program. In November 2013, Stratus' Board approved an increase in the open market share purchase program from 0.7 million shares to 1.7 million shares of Stratus common stock. The purchases may occur over time depending on many factors, including the market price of Stratus common stock; Stratus' operating results, cash flow and financial position; and general economic and market conditions. There were no purchases under this program during 2021 or 2020. As of December 31, 2021, 991,695 shares remained available under this program.

Stratus' ability to pay dividends on its common stock and repurchase shares of its common stock is restricted by the terms of its Comerica Bank credit facility, which prohibit Stratus from paying any dividends or repurchasing shares in excess of $1.0 million without the bank's prior written consent.

Stock-based Compensation

Stock Award Plans. Stratus currently has three stock-based compensation plans with awards available for grant. The 2017 and 2013 Stock Incentive Plans were each approved by Stratus' stockholders, and provide for the issuance of stock-based compensation awards (including stock options and RSUs), each relating to 180,000 shares of Stratus common stock. The plans permit awards to Stratus employees, non-employee directors and consultants. Stratus' 1996 Stock Option plan for Non-Employee Directors provides for the issuance of stock options only to Stratus' non-employee directors, although Stratus' current non-employee director compensation program does not provide for the grant of stock options. Stratus common stock issued upon option exercises or RSU vestings represents newly issued shares of common stock. Awards with respect to 27,089 shares under the 2017 Stock Incentive Plan, 15,100 shares under the 2013 Stock Incentive Plan and 2,500 shares under the 1996 Stock Option Plan for Non-Employee Directors were available for new grants as of December 31, 2021.

Stock-Based Compensation Costs. Compensation costs charged against earnings for RSUs, the only stock-based awards granted over the last several years, totaled $0.8 million for 2021 and $0.7 million for 2020. Stock-based compensation costs are capitalized when appropriate. Stratus does not currently apply a forfeiture rate when estimating stock-based compensation costs for RSUs.

RSUs. RSUs granted under the plans provide for the issuance of common stock to non-employee directors and employees and consultants at no cost to the recipients. The RSUs are converted into shares of Stratus common stock ratably and generally vest in increments over a one to four year period following the grant date. For employees and consultants, the awards generally fully vest upon retirement, death and disability, and upon a qualifying termination of employment in connection with a change of control. For directors, the awards will fully vest upon a change of control and there will be a partial acceleration of vesting because of retirement, death and disability.

In March 2021, Stratus granted 53,411 stock-settled RSUs with a grant-date value of $1.5 million, based on Stratus' stock price on the date of issuance, pursuant to the terms of the PPIP (see further discussion below) in connection with West Killeen Market, which reached a valuation event under the PPIP in October 2020. Stratus transferred the $1.2 million accrued liability balance under the PPIP for West Killeen Market to capital in excess of par value and will amortize the $0.3 million balance of the grant-date value with a charge to general and administrative expenses and a credit to capital in excess of par value over the three-year vesting period of the RSUs.

A summary of outstanding unvested RSUs as of December 31, 2021, and activity during the year ended December 31, 2021, is presented below:

	Number of RSUs	Aggregate Intrinsic Value ($000)
Balance at January 1	74,200	
Granted	88,561	
Vested	(27,150)	
Balance at December 31	135,611	$ 4,959

The total fair value of RSUs granted was $2.4 million for 2021 and $0.8 million for 2020. The total intrinsic value of RSUs vested was $0.8 million during 2021 and $0.6 million during 2020. As of December 31, 2021, Stratus had $1.7 million of total unrecognized compensation cost related to unvested RSUs expected to be recognized over a weighted-average period of 1.8 years.

The following table includes amounts related to vesting of RSUs (in thousands, except shares of Stratus common stock tendered):

	Years Ended December 31,	
	2021	2020
Stratus shares tendered to pay the minimum required taxes[a]	5,461	3,839
Amounts Stratus paid for employee taxes	$ 153	$ 91

a. Under terms of the related plans and agreements, upon vesting of RSUs, employees may tender shares of Stratus common stock to Stratus to pay the minimum required taxes.

Employee Benefits

Stratus maintains a 401(k) defined contribution plan subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). The 401(k) plan provides for an employer matching contribution equal to 100 percent of the participant’s contribution, subject to a limit of 5 percent of the participant’s annual salary. Stratus’ policy is to make an additional safe harbor contribution equal to 3 percent of each participant’s total compensation. The 401(k) plan also provides for discretionary contributions. Stratus’ contributions to the 401(k) plan totaled $0.5 million in 2021 and $0.4 million in 2020.

Profit Participation Incentive Plan. In 2018, the Stratus Compensation Committee of the Board (the Committee) unanimously adopted the PPIP, which provides participants with economic incentives tied to the success of the development projects designated by the Committee as approved projects under the PPIP. Under the PPIP, 25 percent of the profit (as described below) for each approved project following a capital transaction (each as defined in the PPIP) will be set aside in a pool. The Committee will allocate participation interests in each pool to certain

officers, employees and consultants determined to be instrumental in the success of the project. The profit is equal to the net proceeds to Stratus from a capital transaction after Stratus has received a return of its costs and expenses, any capital contributions and a preferred return of 10.0 percent per year on the approved project. Provided the applicable service conditions are met, each participant is eligible to earn a bonus equal to his or her allocated participation interest in the applicable profit pool. Bonuses under the PPIP are payable in cash prior to March 15th of the year following the capital transaction, unless the participant is an executive officer, in which case annual cash payouts under the PPIP are limited to no more than four times the executive officer's base salary, and any amounts due under the PPIP in excess of that amount will be converted to an equivalent number of stock-settled RSUs based on the 12-month trailing average price of Stratus common stock during the year of the capital transaction, with a one-year vesting period.

If a capital transaction has not occurred prior to the third anniversary of the date an approved project is substantially complete (a valuation event), the Committee will obtain a third-party appraisal of the approved project as of the valuation event. Based on the appraised value, the Committee will determine if any profit would have been generated after applying the hurdles described above, and if so, the amount of any bonus that would have been attributable to each participant. Any such amount will convert into an equivalent number of stock-settled RSUs based on the 12-month average trailing price of Stratus common stock during the year of the valuation event. The RSUs will be granted in the year following the valuation event and will vest in annual installments over a three-year period, provided that the participant satisfies the applicable service conditions. The fair value of the RSUs will be determined based on the price of Stratus' common stock on the date of grant. If the grant date fair value exceeds the calculated bonus amount, the incremental portion will be amortized ratably over the three-year vesting period. If a participant leaves Stratus and forfeits their RSUs, Stratus is able to reverse the expense associated with that award.

In 2018, the Committee designated seven development projects as approved projects under the PPIP, and allocated participation interests in profit pools of each approved project to certain officers, employees and consultants. During 2019, the Committee designated Magnolia Place as an approved project under the PPIP. Estimates related to the awards may change over time due to differences between projected and actual development progress and costs, market conditions and the timing of capital transactions or valuation events.

Stratus estimated the profit pool of each approved project by projecting the cash flow from operations, the net sales price, the timing of a capital transaction or valuation event and Stratus' equity and preferred return including costs to complete for projects under development. The primary fair value assumptions used at December 31, 2021, were projected cash flows, estimated capitalization rates ranging from 6.0 percent to 7.5 percent, projected service periods for each project ranging from 1.5 years to 3.4 years, and estimated transaction costs of approximately 2.0 percent to 6.8 percent.

As noted above, on October 17, 2020, West Killeen Market reached a valuation event under the PPIP. Stratus transferred the $1.2 million accrued liability balance under the PPIP for West Killeen Market to capital in excess of par value and is amortizing the $0.3 million balance of the grant-date value with a charge to general and administrative expenses and a credit to capital in excess of par value over the three-year vesting period of the RSUs.

The sale of The Saint Mary in January 2021 was a capital transaction under the PPIP. The accrued liability under the PPIP related to The Saint Mary project totaled $2.1 million at December 31, 2021, and was paid to eligible participants in February 2022.

In September 2021, Lantana Place reached a valuation event under the PPIP and Stratus obtained an appraisal of the property to determine the payout under the PPIP. The accrued liability under the PPIP related to Lantana Place totaled $3.9 million at December 31, 2021, and is expected to be settled in RSUs awarded to eligible participants in the first half of 2022, subject to shareholder approval of a new stock incentive plan authorizing additional shares for issuance.

The sale of The Santal in December 2021 was a capital transaction under the PPIP. The accrued liability under the PPIP related to The Santal totaled $6.7 million at December 31, 2021, and was paid in cash to eligible participants in February 2022, subject to the PPIP's limits on cash compensation paid to certain officers as described above. Amounts due under the PPIP above the limits are converted to an equivalent number of RSUs with a one-year vesting period and will be granted in the first half of 2022, subject to shareholder approval of a new stock incentive plan authorizing additional shares for issuance.

A summary of PPIP costs follows (in thousands):

	Years Ended December 31,	
	2021	2020
Charged to general and administrative expense	$ 9,780	$ 2,436
Capitalized to project development costs	441	1,288
Total PPIP costs	$ 10,221	$ 3,724

The accrued liability for the PPIP totaled $15.2 million at December 31, 2021, and $6.2 million at December 31, 2020 (included in other liabilities).

NOTE 9. COMMITMENTS AND CONTINGENCIES

Construction Contracts. Stratus had commitments under noncancelable construction contracts totaling approximately $36 million at December 31, 2021.

Letters of Credit. As of December 31, 2021, Stratus had letters of credit totaling $347 thousand committed against its credit facility with Comerica Bank (see Note 6).

Rental Income. As of December 31, 2021, Stratus' minimum rental income, including scheduled rent increases under noncancelable long-term leases of developed retail space and ground leases, totaled $9.0 million in 2022, $8.8 million in 2023, $8.7 million in 2024, $8.5 million in 2025, $8.5 million in 2026 and $93.7 million thereafter, with the longest lease extending through 2118.

H-E-B Profit Participation. H-E-B has profit participation rights in the Jones Crossing, Kingwood Place, Lakeway and New Caney projects. H-E-B is entitled to 10 percent of any cash flow from operations or profit from the sale of these properties after Stratus receives a return of its equity plus a preferred return of 10 percent. Stratus may enter into similar profit participation agreements for future projects.

Operating Leases. Stratus' most significant lease is a 99-year ground lease for approximately 72 acres of land in College Station, Texas on which it is developing the Jones Crossing project. Stratus also leases various types of assets, including office space, vehicles and office equipment under non-cancelable leases. All of Stratus' leases are considered operating leases.

Operating lease costs were $1.3 million in both 2021 and 2020. Stratus paid $183 thousand during 2021 and $197 thousand in 2020 for lease liabilities recorded in the consolidated balance sheet (included in operating cash flows in the consolidated statements of cash flows). As of December 31, 2021 and 2020, the weighted-average discount rate used to determine the lease liabilities was 6.0 percent. As of December 31, 2021, the weighted-average remaining lease term was 94 years (95 years as of December 31, 2020).

The future minimum payments for leases recorded on the consolidated balance sheet at December 31, 2021, follow (in thousands):

2022	$ 500
2023	549
2024	709
2025	679
2026	669
Thereafter	108,540
Total payments	111,646
Present value adjustment	(97,660)
Present value of net minimum lease payments	$ 13,986

Circle C Settlement. In 2002, the city of Austin granted final approval of a development agreement (the Circle C settlement) and permanent zoning for Stratus' real estate located within the Circle C community in southwest Austin. The Circle C settlement firmly established all essential municipal development regulations applicable to Stratus' Circle C properties until 2032. The city of Austin also provided Stratus $15.0 million of development fee credits, which are in the form of credit bank capacity, in connection with its future development of its Circle C and other Austin-area properties for waivers of fees and reimbursement for certain infrastructure costs. In addition, Stratus can elect to sell up to $1.5 million of the incentives per year to other developers for their use in paying City fees

related to their projects as long as the projects are within the desired development zone, as defined within the Circle C settlement. To the extent Stratus sells the incentives to other developers, Stratus recognizes the income from the sale when title is transferred and compensation is received. As of December 31, 2021, Stratus had permanently used $12.5 million of its City-based development fee credits, including cumulative amounts sold to third parties totaling $5.1 million. Fee credits used for the development of Stratus' properties effectively reduce the basis of the related properties and Stratus defers recognition of any gain associated with the use of the fees until the affected properties are sold. Stratus also had $0.8 million in credit bank capacity in use as temporary fiscal deposits as of December 31, 2021. Available credit bank capacity was $1.9 million at December 31, 2021.

Deferred Gain on Sale of The Oaks at Lakeway. In 2017, Stratus sold The Oaks at Lakeway to FHF I Oaks at Lakeway, LLC for $114.0 million in cash. The Oaks at Lakeway is an H-E-B-anchored retail project located in Lakeway, Texas. The parties entered into three master lease agreements at closing: (1) one covering unleased in-line retail space, with a 5-year term, (2) one covering four unleased pad sites, three of which have 10-year terms, and one of which has a 15-year term, and (3) one covering the hotel pad with a 99-year term. As specified conditions are met, primarily consisting of the tenant executing a lease, commencing payment of rent and taking occupancy, leases will be assigned to the purchaser and the corresponding property will be removed from the master lease, reducing Stratus' master lease payment obligations. The master leases contain annual scheduled rent increases. The 99-year hotel pad master lease has been terminated, and master lease obligations for certain retail spaces and pad sites have been released as Stratus has executed and assigned leases to the purchaser. Stratus' master lease payment obligation, net of rent payments received, approximated $110 thousand per month as of December 31, 2021, of which approximately $40 thousand relates to the in-line retail space master lease, which expired in February 2022, and approximately $70 thousand relates to the pad site master lease, which expires in February 2027. To the extent additional leases are executed and assigned to the purchaser in the future, the master lease obligation will decline further.

At the date of sale, Stratus allocated the purchase price for The Oaks at Lakeway between two performance obligations based on the relative fair values of each. The first performance obligation, to deliver the completed and leased portion of the property, was performed on the date of sale. The second performance obligation was to complete construction of the remaining buildings and leasing of the vacant space. The obligations under master leases were considered variable consideration, and monthly payments are recorded as reductions to the contract liability.

Stratus recognized a gain of $24.3 million related to the first performance obligation in 2017. A contract liability of $4.8 million is presented as a deferred gain in the consolidated balance sheets at December 31, 2021, compared with $6.2 million at December 31, 2020. The reduction in the deferred gain balance primarily reflects master lease payments. The contract liability, as reduced by future master lease payments, may be recognized as additional gain in the future as Stratus fulfills the remaining performance obligation.

Environmental Regulations. Stratus has made, and will continue to make, expenditures for protection of the environment. Increasing emphasis on environmental matters can be expected to result in additional costs, which could be charged against Stratus' operations in future periods. Present and future environmental laws and regulations applicable to Stratus' operations may require substantial capital expenditures that could adversely affect the development of its real estate interests or may affect its operations in other ways that cannot be accurately predicted at this time.

Litigation. Stratus may from time to time be involved in various legal proceedings of a character normally incident to the ordinary course of its business. Stratus believes that potential liability from any of these pending or threatened proceedings will not have a material adverse effect on Stratus' financial condition or results of operations.

NOTE 10. BUSINESS SEGMENTS

As a result of the pending sale of Block 21, Stratus has two operating segments: Real Estate Operations and Leasing Operations. Block 21, which encompassed Stratus' hotel and entertainment segments, along with some leasing operations, is reflected as discontinued operations.

The Real Estate Operations segment is comprised of Stratus' real estate assets (developed for sale, under development and available for development), which consists of its properties in Austin, Texas (including the Barton Creek community; the Circle C community; and the Lantana community, including a portion of Lantana Place planned for a future multi-family phase); in Lakeway, Texas, located in the greater Austin area (Lakeway); in College Station, Texas (a portion of Jones Crossing and vacant pad sites); in Killeen, Texas (vacant pad sites at West Killeen Market); and in Magnolia, Texas (Magnolia Place), Kingwood, Texas (land for future multi-family development, for which a sale is pending, and a vacant pad site) and New Caney, Texas (New Caney), located in the greater Houston area.

The Leasing Operations segment is comprised of Stratus' real estate assets, both residential and commercial, that are leased or available for lease and includes West Killeen Market and completed portions of Lantana Place, Jones Crossing and Kingwood Place. The segment also included The Saint Mary until its sale in January 2021 and The Santal until its sale in December 2021 (see Note 4 for further discussion).

Stratus uses operating income or loss to measure the performance of each segment. General and administrative expenses, which primarily consist of employee salaries, wages and other costs, are managed on a consolidated basis and are not allocated to Stratus' operating segments. The following segment information reflects management determinations that may not be indicative of what the actual financial performance of each segment would be if it were an independent entity.

Revenues From Contracts with Customers. Stratus' revenues from contracts with customers follow (in thousands):

	Years Ended December 31,	
	2021	2020
Real Estate Operations:		
Developed property sales	$ 4,615	$ 21,789
Undeveloped property sales	3,250	700
Commissions and other	584	89
	8,449	22,578
Leasing Operations:		
Rental revenue	19,787	21,755
	19,787	21,755
Total revenues from contracts with customers	$ 28,236	$ 44,333

Financial Information by Business Segment. The following segment information was prepared on the same basis as Stratus' consolidated financial statements (in thousands):

	Real Estate Operations[a]	Leasing Operations	Corporate, Eliminations and Other[b]	Total
Year Ended December 31, 2021:				
Revenues:				
Unaffiliated customers	$ 8,449	$ 19,787	$ —	$ 28,236
Intersegment	17	—	(17)	—
Cost of sales, excluding depreciation	9,758	9,030	(25)	18,763
Depreciation	155	5,358	(64)	5,449
General and administrative expenses	—	—	24,509 [c]	24,509
Impairment of real estate	1,825 [d]	—	—	1,825
Gain on sales of assets	—	(105,970) [e]	—	(105,970)
Operating (loss) income	$ (3,272)	$ 111,369	$ (24,437)	$ 83,660
Capital expenditures and purchases and development of real estate properties	$ 52,772 [f]	$ 19,024	$ 538	$ 72,334
Total assets at December 31, 2021	241,225	107,990	192,011 [g]	541,226

	Real Estate Operations[a]	Leasing Operations	Corporate, Eliminations and Other[b]	Total
Year Ended December 31, 2020:				
Revenues:				
Unaffiliated customers	$ 22,578	$ 21,755	$ —	$ 44,333
Intersegment	17	—	(17)	—
Cost of sales, excluding depreciation	18,628	11,203 [h]	(2)	29,829
Depreciation	229	7,478	(126)	7,581
General and administrative expenses	—	—	13,578	13,578
Operating income (loss)	$ 3,738	$ 3,074	$ (13,467)	$ (6,655)
Capital expenditures and purchases and development of real estate properties	$ 13,775	$ 5,203	$ 988	$ 19,966
Total assets at December 31, 2020	161,608	221,890 [i]	160,518 [g]	544,016

a. Includes sales commissions and other revenues together with related expenses.

b. Includes consolidated general and administrative expenses and eliminations of intersegment amounts.

c. The increase in 2021, compared to 2020, is primarily the result of a $7.4 million increase in employee incentive compensation costs associated with the PPIP primarily for The Santal and Lantana Place projects, and a $2.7 million increase in consulting, legal and public relation costs for Stratus' successful proxy contest.

d. Includes $700 thousand for two Amarra Villas homes under construction and under contract, $625 thousand for the multi-family tract of land at Kingwood Place and $500 thousand for an office building in Austin.

e. Represents the pre-tax gains on the December 2021 sale of The Santal of $83.0 million, and the January 2021 sale of The Saint Mary of $22.9 million.

f. Includes the purchases of The Annie B land for $22.5 million and The Saint George land for $18.5 million.

g. Includes assets held for sale associated with discontinued operations at Block 21, which totaled $151.1 million at December 31, 2021, and $142.8 million at December 31, 2020.

h. Includes a $1.4 million charge for estimated uncollectible rents receivable and unrealizable deferred costs.

i. Includes assets held for sale at The Saint Mary and The Santal totaling $105.7 million, both of which were sold during 2021.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Not applicable.

Item 9A. Controls and Procedures

(a) Evaluation of disclosure controls and procedures. Our Chief Executive Officer and Chief Financial Officer, with the participation of management, have evaluated the effectiveness of our “disclosure controls and procedures” (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) to allow timely decisions regarding required disclosure as of the end of the period covered by this annual report on Form
10-K. Based on their evaluation, they have concluded that our disclosure controls and procedures were effective as of the end of the period covered by this report.

(b) Changes in internal control over financial reporting. There has been no change in our internal control over financial reporting that occurred during the fiscal quarter ended December 31, 2021, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

(c) Management’s annual report on internal control over financial reporting is included in Part II, Item 8. “Financial Statements and Supplementary Data.”

Item 9B. Other Information

Not applicable.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Information required by this item will be contained in our definitive proxy statement to be filed with the Securities and Exchange Commission (SEC) pursuant to Regulation 14A relating to our 2022 annual meeting of stockholders and is incorporated herein by reference. The information required by Item 10 regarding our executive officers appears in a separately captioned heading after Item 4. “Information About our Executive Officers” in Part I of this report.

Item 11. Executive Compensation

Information required by this item will be contained in our definitive proxy statement to be filed with the SEC pursuant to Regulation 14A relating to our 2022 annual meeting of stockholders and is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Information required by this item will be contained in our definitive proxy statement to be filed with the SEC pursuant to Regulation 14A relating to our 2022 annual meeting of stockholders and is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Information required by this item will be contained in our definitive proxy statement to be filed with the SEC pursuant to Regulation 14A relating to our 2022 annual meeting of stockholders and is incorporated herein by reference.

Item 14. Principal Accounting Fees and Services

Information required by this item (including fees billed to us by BKM Sowan Horan, LLP - PCAOB ID No. 5127) will be contained in our definitive proxy statement to be filed with the SEC pursuant to Regulation 14A relating to our 2022 annual meeting of stockholders and is incorporated herein by reference.

PART IV

Item 15. Exhibits, Financial Statement Schedules

(a)(1). Financial Statements.

The consolidated statements of comprehensive loss, cash flows and equity, and the consolidated balance sheets are included as part of Part II, Item 8. “Financial Statements and Supplementary Data.”

(a)(3). Exhibits.

Exhibit Number	Exhibit Title	Filed with this Form 10-K	Incorporated by Reference		
			Form	File No.	Date Filed
2.1	Agreement of Sale and Purchase, dated February 15, 2017, between Stratus Lakeway Center, LLC and FHF I Oaks at Lakeway, LLC.		8-K	001-37716	2/21/2017
2.2	Agreement of Sale and Purchase, dated October 26, 2021 between Stratus Block 21, L.L.C. and Ryman Hospitality Properties, Inc.	X			
2.3	Membership Interest Purchase Agreement, dated October 26, 2021 between Stratus Block 21 Investments, L.P. and Ryman Hospitality Properties, Inc.	X			
2.4	Agreement of Sale and Purchase, by and between Santal, L.L.C., as seller, and BG-QR GP, LLC, as purchaser, dated as of September 20, 2021.		10-Q	001-37716	11/15/2021
2.5	First Amendment to Agreement of Sale and Purchase, by and between Santal, L.L.C., as seller, and BG-QR GP, LLC, as purchaser, effective as of October 13, 2021.		10-Q	001-37716	11/15/2021
2.6	Second Amendment to Agreement of Sale and Purchase, by and between Santal, L.L.C., as seller, and Berkshire Multifamily Income Realty-OP, L.P., as purchaser, dated as of November 3, 2021.		10-Q	001-37716	11/15/2021
3.1	Composite Certificate of Incorporation of Stratus Properties Inc.		8-A/A	001-37716	8/13/2021
3.2	Second Amended and Restated By-Laws of Stratus Properties Inc., as amended effective August 3, 2017.		10-Q	001-37716	8/9/2017
4.1	Description of Common Stock of Stratus Properties Inc.	X			
4.2	Investor Rights Agreement by and between Stratus Properties Inc. and Moffett Holdings, LLC dated as of March 15, 2012.		8-K	000-19989	3/20/2012
4.3	Assignment and Assumption Agreement by and among Moffett Holdings, LLC, LCHM Holdings, LLC and Stratus Properties Inc., dated as of March 3, 2014.		13D	000-19989	3/5/2014
4.4	Specimen Common Stock Certificate.		8-A/A	000-19989	8/26/2010
10.1	Loan Agreement, dated January 5, 2016, between Stratus Block 21, LLC, as borrower, and Goldman Sachs Mortgage Company, as lender, as amended through January 27, 2016.		10-K	001-37716	3/15/2016
10.2	Promissory Note A-1, dated February 1, 2016, between Stratus Block 21, LLC and Goldman Sachs Mortgage Company.		10-K	001-37716	3/15/2016
10.3	Promissory Note A-2, dated February 1, 2016, between Stratus Block 21, LLC and Goldman Sachs Mortgage Company.		10-K	001-37716	3/15/2016
10.4	Guaranty Agreement by Stratus Properties Inc. for the benefit of Goldman Sachs Mortgage Company dated January 5, 2016.	X			

Exhibit Number	Exhibit Title	Filed with this Form 10-K	Incorporated by Reference		
			Form	File No.	Date Filed
10.5	Development Agreement effective as of August 15, 2002, between Circle C Land Corp. and City of Austin.		10-Q	000-19989	11/14/2002
10.6	First Amendment dated June 21, 2004, Second Amendment dated November 9, 2004, and Third Amendment dated March 2, 2005, to Development Agreement effective as of August 15, 2002, between Circle C Land Corp. and City of Austin.		10-K	000-19989	3/16/2015
10.7	Loan Agreement by and between Stratus Properties Inc., certain of its subsidiaries and Comerica Bank, dated as of June 29, 2018.		8-K	001-37716	7/5/2018
10.8	Revolving Promissory Note by and between Stratus Properties Inc., certain of its subsidiaries and Comerica Bank, dated as of June 29, 2018.		8-K	001-37716	7/5/2018
10.9	Modification Agreement by and between Stratus Properties Inc., certain of its subsidiaries and Comerica Bank, effective as of April 14, 2020.		8-K	001-37716	4/17/2020
10.10	Second Modification Agreement by and between Stratus Properties Inc., certain of its subsidiaries and Comerica Bank, effective as of June 12, 2020.		8-K	001-37716	6/15/2020
10.11	Loan Agreement by and between College Station 1892 Properties, L.L.C., as borrower, and Regions Bank, as lender, dated June 17, 2021.		8-K	001-37716	6/23/2021
10.12	Promissory Note by and between College Station 1892 Properties, L.L.C. and Regions Bank dated June 17, 2021.		8-K	001-37716	6/23/2021
10.13	Guaranty of Recourse Obligations by Stratus Properties Inc. for the benefit of Regions Bank dated June 17, 2021.	X			
10.14	Construction Loan Agreement by and between Lantana Place, L.L.C., as borrower, and Southside Bank, as lender, dated April 28, 2017.		8-K	001-37716	5/3/2017
10.15+	Promissory Note by and between Lantana Place, L.L.C, and Southside Bank dated April 28, 2017.	X			
10.16	First amendment to Construction Loan Agreement by and between Lantana Place, L.L.C., as borrower, and Southside Bank, as lender, dated December 13, 2017.		10-K	001-37716	3/16/2018
10.17	Loan Modification Agreement by and between Lantana Place, L.L.C., as borrower, and Southside Bank, as lender, effective as of June 19, 2020.		10-Q	001-37716	6/25/2020
10.18	Second Modification Agreement by and between Lantana Place, L.L.C and Southside Bank, effective as of January 4, 2021.		10-K	001-37716	3/15/2021
10.19	Loan Modification Agreement by and between Lantana Place, L.L.C and Southside Bank, effective as of January 13, 2022.	X			
10.20	Guaranty Agreement by Stratus Properties Inc. in favor of Southside Bank dated April 28, 2017.	X			
10.21	Construction Loan Agreement by and between Stratus Kingwood Place, L.P., as borrower, and Comerica Bank, as lender, dated December 6, 2018.		8-K	001-37716	12/12/2018

Exhibit Number	Exhibit Title	Filed with this Form 10-K	Incorporated by Reference		
			Form	File No.	Date Filed
10.22	Installment Note by and between Stratus Kingwood Place, L.P. and Comerica Bank dated December 6, 2018.		8-K	001-37716	12/12/2018
10.23	Modification Agreement by and among Stratus Kingwood Place, L.P., as borrower, Stratus Properties Inc. as guarantor, and Comerica Bank, as lender, effective as of January 17, 2020.		10-Q	001-37716	6/25/2020
10.24	Amended and Restated Installment Note by and between Stratus Kingwood Place, L.P. and Comerica Bank, effective as of January 17, 2020.		10-Q	001-37716	6/25/2020
10.25	Guaranty Agreement by Stratus Properties Inc. for the benefit of Comerica Bank dated December 6, 2018.	X			
10.26	Loan Agreement by and among The Saint June, L.P., as borrower, Texas Capital Bank, National Association, as administrative agent, and each of the lenders party thereto, dated June 2, 2021.		8-K	001-37716	6/8/2021
10.27	Note by and between The Saint June, L.P. and Texas Capital Bank, National Association dated June 2, 2021.		8-K	001-37716	6/8/2021
10.28	Guaranty Agreement by Stratus Properties Inc. for the benefit of Texas Capital Bank, National Association dated June 2, 2021.	X			
10.29	Amended and Restated Limited Partnership Agreement of Stratus Kingwood Place, L.P. entered into by and among Stratus Northpark, L.L.C., Stratus Properties Operating Co., L.P., and several Class B Limited Partners.		10-Q	001-37716	8/9/2018
10.30	First Amendment to the Amended and Restated Limited Partnership Agreement of Stratus Kingwood Place, L.P.		10-K	001-37716	3/18/2019
10.31	Second Amendment to the Amended and Restated Limited Partnership Agreement of Stratus Kingwood Place, L.P.		10-K	001-37716	3/15/2021
10.32†	Amended and Restated Limited Partnership Agreement of Stratus Block 150, L.P. entered into by and among The Stratus Block 150 GP, L.L.C., Stratus Properties Operating Co., L.P., and several Class B Limited Partners.		10-Q	001-37716	11/15/2021
10.33*	Stratus Properties Inc. 2017 Stock Incentive Plan.		8-K	001-37716	5/18/2017
10.34*	Stratus Properties Inc. 2013 Stock Incentive Plan, as amended and restated.		10-K	000-19989	3/16/2015
10.35*	Stratus Properties Inc. 2010 Stock Incentive Plan, as amended and restated.		10-K	000-19989	3/16/2015
10.36*	Form of Notice of Grant of Restricted Stock Units under the Stratus Properties Inc. 2013 Stock Incentive Plan (adopted August 2015).		10-Q	000-19989	11/9/2015
10.37*	Form of Notice of Grant of Restricted Stock Units under the Stratus Properties Inc. 2013 Stock Incentive Plan (adopted March 2016).		10-Q	001-37716	11/9/2016
10.38*	Stratus Properties Inc. Director Compensation.		10-K	001-37716	3/16/2018

Exhibit Number	Exhibit Title	Filed with this Form 10-K	Incorporated by Reference		
			Form	File No.	Date Filed
10.39*	Severance and Change of Control Agreement between Stratus Properties Inc. and William H. Armstrong III, effective April 1, 2022.	X			
10.40*	Severance and Change of Control Agreement between Stratus Properties Inc. and Erin D. Pickens, effective April 1, 2022.	X			
10.41*	Stratus Properties Inc. Profit Participation Incentive Plan and Form of Award Notice.		10-K	001-37716	3/18/2019
10.42*	Form of Notice of Grant of Restricted Stock Units under the Stratus Properties Inc. 2017 Stock Incentive Plan for Non-Employee Director Grants (adopted May 2019).		10-Q	000-19989	5/10/2019
10.43*	Form of Notice of Grant of Restricted Stock Units (adopted 2021).		10-Q	001-37716	8/16/2021
10.44*	Form of Notice of Grant of Restricted Stock Units for Awards under the Profit Participation Incentive Plan (adopted 2021).		10-Q	001-37716	8/16/2021
21.1	List of subsidiaries.	X			
23.1	Consent of BKM Sowan Horan, LLP.	X			
24.1	Power of Attorney (included on signature page).	X			
31.1	Certification of Principal Executive Officer pursuant to Rule 13a-14(a)/15d-14(a).	X			
31.2	Certification of Principal Financial Officer pursuant to Rule 13a-14(a)/15d-14(a).	X			
32.1	Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350.	X			
32.2	Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350.	X			
101.INS	XBRL Instance Document – the XBRL Instance Document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.	X			
101.SCH	Inline XBRL Taxonomy Extension Schema.	X			
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase.	X			
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase.	X			
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase.	X			
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase.	X			
104	The cover page from this Annual Report on Form 10-K, formatted in Inline XBRL and contained in Exhibit 101.	X			

* Indicates management contract or compensatory plan or arrangement.
† Certain identified information has been excluded from this exhibit because it is both not material and is the type that the registrant customarily and actually treats as private or confidential.
+ Corrected version of exhibit previously filed as Exhibit 10.2 to Stratus' Current Report on Form 8-K filed with the SEC on May 3, 2017.

Item 16. Form 10-K Summary

Not applicable.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on March 31, 2022.

STRATUS PROPERTIES INC.

By: /s/ William H. Armstrong III
William H. Armstrong III
Chairman of the Board, President and Chief Executive Officer

Power of Attorney. BE IT KNOWN: that each person whose signature appears below constitutes and appoints William H. Armstrong III, Erin D. Pickens and Kenneth N. Jones, and each of them acting individually, his or her true and lawful attorneys-in-fact and agents, each with the full power of substitution, for him or her in any and all capacities, to sign any amendments to this Annual Report on Form 10-K, and to file the same, with all exhibits thereto and other documents in connection therewith, with the U.S. Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform any other act and thing requisite and necessary to be done, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the registrant in the capacities and on the dates indicated.

Name	Capacity	Date
/s/ William H. Armstrong III William H. Armstrong III	Chairman of the Board, President and Chief Executive Officer (Principal Executive Officer)	March 31, 2022
/s/ Erin D. Pickens Erin D. Pickens	Senior Vice President and Chief Financial Officer (Principal Financial Officer)	March 31, 2022
/s/ C. Donald Whitmire, Jr. C. Donald Whitmire, Jr.	Vice President and Controller (Principal Accounting Officer)	March 31, 2022
/s/ Laurie L. Dotter Laurie L. Dotter	Director	March 31, 2022
/s/ Kate B. Henriksen Kate B. Henriksen	Director	March 31, 2022
/s/ James E. Joseph James E. Joseph	Director	March 31, 2022
/s/ James C. Leslie James C. Leslie	Director	March 31, 2022
/s/ Michael D. Madden Michael D. Madden	Director	March 31, 2022
/s/ Charles W. Porter Charles W. Porter	Director	March 31, 2022
/s/ Neville L. Rhone Jr. Neville L. Rhone Jr.	Director	March 31, 2022

AGREEMENT OF SALE AND PURCHASE

THE STATE OF TEXAS §
§
COUNTY OF TRAVIS §

THIS AGREEMENT OF SALE AND PURCHASE ("**Agreement**") is made by and between **STRATUS BLOCK 21, L.L.C.**, a Delaware limited liability company, formerly known as CJUF II STRATUS BLOCK 21, LLC ("**Seller**"), and **RYMAN HOSPITALITY PROPERTIES, INC**., a Delaware corporation ("**Purchaser**"). Seller and Purchaser are sometimes referred to in this Agreement individually as a "**Party**" and collectively as the "**Parties**".

W I T N E S S E T H:

I.
Sale and Purchase

1.01 The Property. Seller hereby agrees to sell and convey unto Purchaser, and Purchaser hereby agrees to purchase from Seller, for the price and subject to the terms, covenants, conditions and provisions herein set forth: (a) the condominium units and other real property interests described on **Exhibit A** attached to this Agreement and incorporated herein by reference (the "**Units**"), together with all improvements thereon and fixtures attached thereto (the "**Improvements**") and all of Seller's right, title and interest in and to all appurtenances to the Units, to the extent but only to the extent the same relate to the Units and not any other property (the "**Appurtenances**") (the Units, the Improvements and the Appurtenances are referred to in this Agreement collectively as the "**Real Property**"); and (b) all of Seller's right, title and interest in and to (i) all leases for the occupancy of space within the Master Office Unit, Commercial Master Unit 1, Commercial Master Unit 2, Commercial Master Unit 3, Commercial Master Unit 4 and Venue Master Unit (as amended or modified, the "**Tenant Leases**"), (ii) all operating agreements, management contracts, service contracts, and other agreements relating to the operation and maintenance of the Real Property (the "**Contracts**"); (iii) certain reserve accounts that are described on **Exhibit A-3** attached to this Agreement and incorporated herein by reference and all funds therein (collectively, the "**Reserve Accounts**"); (iv) all of Seller's right, title and interest, if any, in and to all items of personal property situated upon or within the Real Property, which pertain to and are used in connection with the operation and maintenance of the Real Property, including, without limitation, the personal property described on **Exhibit A-4** attached to this Agreement and incorporated herein by reference (the "**Personalty**"); and (v) the intangible personal property described on **Exhibit A-6** attached to this Agreement and incorporated herein by reference, to the extent but only to the extent the same are transferable by Seller and relate to all or any part of the Real Property (the "**Intangible Personal Property**"). The Tenant Leases, Contracts, Reserve Accounts, Personalty, and Intangible Personal Property are referred to in this Agreement collectively as the "**Personal Property**". The Real Property and the Personal Property are referred to in this Agreement collectively as the **"Property**". The foregoing notwithstanding, the Parties acknowledge and agree that the property and accounts listed on **Exhibit A-7** are excluded from the definition of the Property and are not included in the sale of the Property to Purchaser.

1.02 Block 21 Service Company Contract. Contemporaneously with the execution of this Agreement, Stratus Block 21 Investments, L.P., a Texas limited partnership and an Affiliate of Seller ("**Stratus Block 21 Investments**"), and Purchaser are entering into that certain Membership Interests Purchase Agreement (the "**Block 21 Service Company Contract**") for the sale and purchase of all of the membership interests in Block 21 Services Company, LLC, a Texas limited liability company ("**Block 21 Service Company**"). Closing under this Agreement will occur contemporaneously with the closing under the Block 21 Service Company Contract, and, notwithstanding anything herein to the contrary, the closing under each contract is a condition to the closing under the other contract.

II.
Consideration

2.01 Purchase Price. The Parties agree that the total purchase price under this Agreement (the "**Purchase Price**") and the Block 21 Service Company Contract (the "**Block 21 Purchase Price**") is TWO HUNDRED SIXTY MILLION AND 00/100 U.S. DOLLARS ($260,000,000.00), and the Purchase Price is subject to the adjustments and prorations as set forth herein. The Parties shall use their commercially good faith efforts to agree upon the allocation of the Purchase Price and the Block 21 Purchase Price, as well as any sub-allocations of the Purchase Price and the Block 21 Purchase Price among the various assets being conveyed under such contracts on or prior to the Closing Date; provided, however, that (a) all allocations and sub-allocations described in this Section 2.01 (both those agreed upon by the Parties and those made unilaterally by either Party absent such agreement) shall be made in a manner that is consistent with the percentages of the aggregate of the purchase price under the Block 21 Service Company Contract and the Purchase Price as are assigned to the various components of the Property on **Exhibit B** attached hereto, and (b)(i) such agreement shall not be a condition to either Party's obligation to close hereunder or under the Block 21 Service Company Contract, and (ii) absent such agreement, each Party shall be free for all purposes to report such allocations and sub-allocations to any and all third parties in such manner as such Party deems appropriate so long as it is consistent with the percentages of the aggregate of the purchase price under the Block 21 Service Company Contract and the Purchase Price as are assigned to the various components of the Property on **Exhibit B** attached hereto.

2.02 Payment of the Purchase Price. The Purchase Price will be payable by assumption of the Loan Balance (defined below) of the Goldman Loan (defined below) and the remainder of the Purchase Price will be payable in full in cash or other readily available funds at the Closing (as hereinafter defined).

2.03 Earnest Money. In order to secure Purchaser's performance of this Agreement, Purchaser must, within three (3) business days after the Effective Date (hereinafter defined) of this Agreement, deposit FIVE MILLION AND 00/100 U.S. DOLLARS ($5,000,000.00) in cash or other readily available funds with Heritage Title Company of Austin, Inc. (the "**Title Company**"), Attention: Amy Fisher, 401 Congress Avenue, Suite 1500, Austin, Texas 78701; telephone [intentionally omitted]; facsimile [intentionally omitted]; email: [intentionally omitted]. All cash deposited with the Title Company pursuant to the terms of this Section 2.03 will be placed in an interest-bearing account approved by the Parties and all such cash, together with all interest earned thereon, is referred to in this Agreement, collectively, as the "**Earnest**

Money". Seller and Purchaser acknowledge and agree that Gregg Krumme of Armbrust & Brown PLLC, not acting in a fiduciary capacity for Seller, will serve as the closing agent for the Title Company, at no additional cost or expense to Purchaser. The Underwriter (defined below) has issued an insured closing letter that is satisfactory to Purchaser, a copy of which is attached hereto as **Exhibit B-1**, and which must remain in effect through Closing, as a condition to Purchaser's obligation to close. All closing documents shall be delivered to the attention of Amy Fisher at the Title Company. Closing will fund through the escrow account of the Title Company. The Earnest Money shall be held, delivered and/or applied in accordance with the terms and provisions of Section 8.06 of this Agreement. Purchaser's delivery of the Earnest Money is a condition precedent to Seller's obligations under this Agreement and Purchaser's rights under this Agreement.

2.04 Independent Contract Consideration. Purchaser shall, within three (3) business days after the Effective Date of this Agreement, pay directly to Seller, independent contract consideration in the amount of $100.00 (the "**Independent Contract Consideration**"). The Independent Contract Consideration is nonrefundable to Purchaser and shall be retained by Seller notwithstanding any other provision of this Agreement to the contrary, but shall be credited against the Purchase Price at the Closing (hereinafter defined). Seller will have no obligation to maintain the Independent Contract Consideration in a separate or segregated account, nor will Seller will have any obligation to pay or credit to Purchaser any interest on the Independent Contract Consideration. If Purchaser fails for any reason to pay the Independent Contract Consideration to Seller, then, notwithstanding any provision in this Agreement to the contrary: (i) Purchaser will not have the right to terminate this Agreement under the terms of Section 3.01 of this Agreement; and (ii) Purchaser will be liable to Seller in damages for the full amount of the Independent Contract Consideration (in addition to any other rights and remedies which may be available to Seller).

III.
Purchaser's Inspection Rights

3.01 Inspection Period. Seller and Purchaser acknowledge and agree that this Agreement does not provide for an "Inspection Period." Purchaser acknowledges and agrees that Purchaser has had sufficient opportunity prior to the Effective Date to conduct its due diligence and inspections with regard to the Property and has agreed, in Purchaser's sole and absolute discretion, to waive any right to terminate this Agreement due to such diligence and inspections, subject, however, to the other terms of this Agreement.

3.02 Property Information. The Parties agree that, prior to the Effective Date, Seller furnished to Purchaser (among other items) copies of the items set forth on **Exhibit C** attached hereto and incorporated herein if and to the extent the same existed, were in Seller's possession or control, and concern the Property. Purchaser has had an opportunity to review and copy any third party reports and other information which are in Seller's files which relate to the physical condition of the Real Property or the status of the governmental approvals or utility commitments for the Real Property (collectively, the "**Property Condition**"). In no event, however, is Seller required to furnish to Purchaser any internal reports, memoranda or other items prepared by Seller's own employees, any proprietary information of Seller, any communications from Seller's attorneys, or any third party reports dealing with matters other

than the Property Condition (including without limitation any property appraisals, financial analyses, market analyses and other similar items). The items referenced in this Section 3.02, together with all other information provided by Seller to Purchaser are referred to in this Agreement collectively as the "**Property Information**". Purchaser acknowledges receipt of and the opportunity to the review the Property Information prior to the Effective Date. Notwithstanding any provision in this Agreement, to the contrary, Purchaser agrees and acknowledges that: (i) the Property Information is delivered to Purchaser solely as an accommodation to Purchaser; (ii) Seller has not undertaken any independent investigation as to the truth, accuracy or completeness of any matters set out in or disclosed by the Property Information, except as otherwise specifically provided in this Agreement or the closing documents executed by Seller pursuant to this Agreement; (iii) the Property Information was delivered to Purchaser in its **"AS IS"** and **"WITH ALL FAULTS"** condition and Seller has not made and does not make any warranties or representations of any kind or nature regarding the truth, accuracy or completeness of the information set out in or disclosed by the Property Information, except as otherwise specifically provided in this Agreement or in the closing documents executed by Seller pursuant to this Agreement; and (iv) Seller shall have no liability or culpability of any kind or nature as a result of providing the Property Information to Purchaser or as a result of Purchaser's reliance on any of the Property Information or any information set forth or referred to therein or disclosed thereby, except as otherwise specifically provided in this Agreement or in the closing documents executed by Seller pursuant to this Agreement.

3.03 Conditions to Access. Seller has allowed, and while this Agreement is in effect, Seller will continue to allow any officers, directors, employees, lenders, agents, consultants, representatives and attorneys of Purchaser who conduct due diligence or are otherwise involved in the transaction (the "**Purchaser's Representatives**") access to the Real Property for the purpose of conducting any due diligence reasonably related to the purchase of the Property, subject to the following limitations:

(a) Access to the Real Property shall be at reasonable times during normal business hours upon at least two (2) business days' notice (via email) to Seller. Purchaser shall provide to Seller in advance the names, addresses and scope of work for each consultant, contractor and agent who will be conducting any studies, investigations or inspections at the Real Property and representatives of Seller may accompany Purchaser's Representatives during each such visit.

(b) Prior to such time as Purchaser or any of Purchaser's Representatives enter the Real Property, Purchaser and/or the Purchaser's Representatives who are entering the Real Property shall obtain and maintain Commercial General Liability Insurance on an "occurrence" basis, covering Purchaser and Purchaser's Representative's activities on or about the Real Property, including (i) coverage against claims for bodily injury, personal injury (with employee and contractual exclusions deleted), property damage and death, and (ii) broad form contractual liability coverage (which includes, without limitation, coverage for the indemnity and hold harmless agreement set forth in Article III). Each policy must be written on an "occurrence" basis, if available, and must provide coverage with a combined single limit of not less than Two Million Dollars ($2,000,000) per occurrence, and in aggregate. If any such policy is not available on an "occurrence" basis, and such policy is written on a "claims made" basis, such policy shall be subject to

Seller's prior written approval. Each policy must be written so that the effective (or retroactive) date of the policy is prior to the date of Purchaser's and Purchaser's Representative's first entrance onto the Real Property. Any "claims made" basis policy shall be maintained until the expiration of any applicable statute of limitations, but in any event for a period of not less than one (1) year following the Effective Date. Purchaser and Purchaser's Representatives shall furnish Seller with certificates showing that each policy of insurance required hereunder: (i) is being maintained as required herein, (ii) cannot be changed or cancelled without at least thirty (30) days advance written notice to Seller; and (iii) includes endorsements naming the following entities as additional insureds under such policies: Seller, Block 21 Service Company, and Hotel Operator (defined below). If any such insurance policy expires before the termination of Purchaser's and Purchaser's Representative's obligation to carry such insurance pursuant to this Agreement, Seller shall be provided with renewal certificates or binders at least fifteen (15) days prior to such expiration together with evidence of the payment of premiums thereon

(c) Purchaser's and Purchaser's Representatives' access and investigations (i) shall not interfere in any material or unreasonable manner with the operation of the Real Property, the Hotel (defined in **Exhibit V**) on the Hotel Master Unit (defined in **Exhibit V**), the music venues on the Real Property or the rights of tenants on the Real Property, and (ii) shall comply with the terms of the Hotel Operating Agreement (defined below) and the Tenant Leases, as applicable.

(d) Purchaser and Purchaser's Representatives shall not contact any tenant without first obtaining Seller's written consent, which Seller may withhold in Seller's sole discretion, and providing Seller or its designated representative the right to be present during such contact if Seller's consent is granted.

(e) Seller or its designated representative shall have the right to (i) be present for any physical inspections or testing of the Real Property, and (ii) pre-approve any invasive or destructive testing of the Real Property in Seller's sole discretion. Purchaser and Purchaser's Representatives shall not conduct any invasive or destructive testing without Seller's prior written consent, which Seller may withhold in Seller's sole discretion and Seller or its designated representatives shall have the right to be present during any physical testing of the Real Property.

(f) Purchaser and Purchaser's Representatives shall not destroy or damage any portion of the Real Property and Purchaser shall repair promptly any physical damage caused by its studies or investigations and shall promptly restore the Real Property to substantially the same condition as it existed immediately prior to any test or inspection.

(g) Except in connection with the preparation of a so-called "Phase I" environmental report with respect to the Real Property and except for Purchaser or any of Purchaser's Representatives contacting municipal authorities to confirm the zoning of the Real Property and make customary inquiries or examinations of public records regarding compliance with applicable zoning, building and safety laws, Purchaser or Purchaser's Representative shall not contact any governmental official or representative regarding the

Property without Seller's prior written consent thereto, which consent may be granted or withheld in the Seller's sole and absolute discretion If Seller consents to any such governmental contact, Seller shall be entitled to receive at least two (2) business days prior written notice of the intended contact and to have a representative present (whether telephonically or in person) when Purchaser or any Purchaser's Representatives have any such contact with any governmental official or representative.

(h) All inspections shall be at Purchaser's sole expense and shall be conducted in accordance with applicable laws, including without limitation, laws relating to worker safety and the proper disposal of discarded materials.

(i) Purchaser shall keep the Real Property free and clear of any and all mechanic's liens, materialmen's liens and other liens arising out of Purchaser's and Purchaser's Representative's entrance onto and inspections and work on the Real Property.

(j) All rights of entry by Purchaser and Purchaser's Representatives will terminate automatically upon any termination of this Agreement.

3.04 Covenants.

(a) Purchaser shall hold, and shall cause each of the Purchaser's Representatives to hold, in strict confidence and not disclose to any other person without the prior written consent of Seller: (i) any information in respect of the Property that Seller delivered or made available to Purchaser or any Purchaser's Representatives (whether at a designated physical or on-line location), (ii) any information in respect of the Property prepared by or for Purchaser or discovered by Purchaser or any of Purchaser's Representatives; and (iii) the identity of any direct or indirect owner of any beneficial interest in Seller. In the event this Agreement is terminated, Purchaser shall promptly return to Seller all copies of documents containing any of such information without retaining any copy thereof or extract therefrom. Notwithstanding anything to the contrary hereinabove set forth, Purchaser may disclose such information (w) as necessary in connection with any dispute with Seller hereunder, (x) on a need-to-know basis to Purchaser's Representatives, but subject to Purchaser's Representatives being bound by the other limitations of this Agreement, (y) as any governmental agency may require in order to comply with applicable laws or court order, and (z) to the extent that such information is generally known to the public, other than as a result of the actions or omissions of Purchaser or Purchaser's Representatives.

(b) If Closing does not occur, upon Seller's request, Purchaser shall deliver promptly to Seller copies of the written results of any inspections, tests, studies, appraisals, evaluations and/or investigations prepared by or for or otherwise obtained by Purchaser or any of Purchaser's Representatives in connection with Purchaser's due diligence, excluding any drafts, attorney-client privileged communications, or internally generated work product (herein, the "**Purchaser Due Diligence Materials**"). Notwithstanding the delivery of such written results, Seller acknowledges that it shall not be entitled to rely upon the same unless Seller obtains a reliance letter or other authorization to rely upon the same.

(c) Purchaser shall inform all of Purchaser's Representatives of this Agreement and shall cause them to comply with this Agreement and the obligations of such parties hereunder.

(d) The provisions of this Section 3.04 shall survive any termination of this Agreement.

3.05 Indemnity. Purchaser hereby agrees to indemnify, defend, protect and hold Seller and each of the other Seller Parties (as defined below) free and harmless from and against any and all conditions, losses, costs, damages, claims, liabilities, expenses, demands or obligations, of any kind or nature whatsoever (including reasonable attorneys' fees, expenses and disbursements) arising out of or resulting from: (i) the breach of the terms of this Article III by Purchaser, or (ii) the activities of Purchaser or Purchaser's Representatives arising from access to, entrance upon, or inspection of Real Property by the Purchaser or any Purchaser's Representatives (each a "**Claim**"). Notwithstanding the foregoing or any other provision in this Agreement to the contrary, however: (i) Purchaser's indemnification obligations under this Section 3.05 shall not apply to the mere discovery of a pre-existing environmental or physical condition at the Real Property; but (ii) Purchaser's indemnification obligations under this Section 3.05 will apply to any exacerbation of a pre-existing environmental or physical condition at the Real Property and to any disclosure of a pre-existing environmental or physical condition in violation of Purchaser's confidentiality obligations under this Agreement. The failure of Purchaser or any Purchaser's Representative to obtain or maintain the insurance required in Section 3.03(b) above or any denial of a claim made on such policies to cover Purchaser's obligations under this Section 3.05 shall not limit or affect Purchaser's obligations under this Section 3.05 in any manner. As used herein, the term "**Seller Parties**" shall mean and include, collectively: (i) Seller; (ii) Seller's attorneys; (iii) Seller's brokers; (iv) any officer, director, employee or agent of Seller, Seller's attorneys, Seller's brokers, or any direct or indirect owner of any beneficial interest in Seller; (v) Block 21 Service Company, and (vi) Hotel Operator. The provisions of this Section 3.05 shall survive the termination of this Agreement.

3.06 Waiver and Release. **PURCHASER, FOR ITSELF AND THE PURCHASER'S REPRESENTATIVES, HEREBY WAIVES AND RELEASES SELLER AND EACH OF THE SELLER PARTIES FROM ALL CLAIMS RESULTING DIRECTLY OR INDIRECTLY FROM ACCESS TO, ENTRANCE UPON, OR INSPECTION OF THE REAL PROPERTY BY PURCHASER OR PURCHASER'S REPRESENTATIVES, EXCEPT TO THE EXTENT CAUSED BY THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF SELLER, SELLER PARTIES OR THEIR AFFILIATES OR AGENTS**. The provisions of this Section 3.06 shall survive the termination of this Agreement.

IV.
Title and Survey

4.01 Title. Prior to the Effective Date Seller obtained and delivered to both Seller and Purchaser: (a) a title commitment with GF# 202102200 and issuance date of May 27, 2021 (the "**Title Commitment**") pursuant to which the Title Company through First American Title Insurance Company (the "**Underwriter**") commits to issue to Purchaser an owner's policy of title insurance, on the standard form promulgated by the Department of Insurance of the State of

Texas, providing title insurance coverage with respect to the Real Property in the amount of the Purchase Price (should the Parties fail to agree on the Purchase Price allocation, then the Title Policy (as hereafter defined) shall be in the amount of $260,000,000.00 less the amount Purchaser has allocated as the purchase price under the Block 21 Service Company Contract) and less any reduction in the Purchase Price in accordance with the terms and provisions of **Exhibit Y** attached hereto, and (b) copies of all title exception documents which are referenced in the Title Commitment (the "**Title Review Documents**"). All items which are reflected or disclosed on or within the Title Commitment and/or the Title Review Documents are referred to in this Agreement collectively as the "**Title Review Items**".

4.02 Survey. Purchaser previously obtained an on-the-ground survey of the land within the Real Property (the "**Land**") and Improvements prepared by Clifton Seward, Registered Professional Land Surveyor No. 4337 of Ramsey Land Surveying, Inc., and having an effective date of January 7, 2020 (the "**Existing Survey**"). All items which are reflected or disclosed on the Existing Survey are referred to in this Agreement collectively as the "**Existing Survey Review Items**". Purchaser shall have the right, at its sole cost and expense, to obtain an update to the Existing Survey so long as Purchaser obtains, and provides Seller a copy of, such update on or before the date that is twenty (20) days after the Effective Date. Any update to the Existing Survey obtained on or before the date that is twenty (20) business days after the Effective Date, is referred to herein as the "**Survey**".

4.03 Permitted Exceptions. Purchaser acknowledges and agrees that Purchaser has received, reviewed and waived any right to terminate this Agreement as a result of the Title Review Items and the Existing Survey Review Items except that Seller agrees to satisfy all requirements of the Title Company with respect to those items which are set forth on Schedule C of the Title Commitment as applicable to Seller other than the liens and other items evidencing or securing the Goldman Loan being assumed by Purchaser at the Closing (the "**Seller Schedule C Items**"). Purchaser agrees to cooperate fully with Seller, at no cost or liability to Purchaser, in order to satisfy all such requirements. The term "**Permitted Exceptions**" shall mean all Title Review Items and the Existing Survey Review Items other than the Seller Schedule C Items.

4.04 Additional Title Objections. Seller will cause the Title Commitment to be renewed and updated from time to time, as necessary to keep the Title Commitment in full force and effect to and through the Closing Date. If any additional title exceptions or other matters affecting the Real Property are revealed by any update of the Title Commitment or the Survey that were not included in the Title Review Items or the Existing Survey Review Items, Purchaser will have five (5) days after the later of receipt of any updated Title Commitment or receipt of the Survey to object to such new matters ("**Title Objections**") by written notice to Seller. If Seller does not receive from Purchaser a written notice specifying Title Objections within such five (5) day period, then all of such new items shall be considered to be "**Permitted Exceptions**" hereunder. Seller shall not be obligated to cure any of the Title Objections or to incur any costs, fees or expenses or initiate any action to cure or attempt to cure any of the Title Objections other than matters created by Seller in violation of any terms of this Agreement ("**Seller Violation Matters**"); however, Seller shall be obligated to cure/remove all Seller Violation Matters prior to Closing. In the event that Seller fails to cause all of the Title Objections to be cured or removed as exceptions to title within the earlier to occur of (i) fifteen (15) days after receipt of the Title Objections or (ii) the date that is five (5) days prior to the Closing Date, (the "**Title Curative**

Period"), then Purchaser may, as Purchaser's sole and exclusive remedy, terminate this Agreement by delivering to Seller a written notice of termination within five (5) days after the earlier of the expiration of the Title Curative Period or one (1) day before the Closing Date (the "**Title Termination Period**"). Alternatively, Purchaser may elect to purchase the Property subject to all matters related to the Title Objections which have not been cured or removed. If Purchaser does not deliver to Seller a written notice of termination on or before the final day of the Title Termination Period, then Purchaser will be deemed to have waived the Title Objections and Purchaser's right of termination under this Section 4.04, and in such event all of the matters which were objected to by Purchaser shall be deemed to be Permitted Exceptions under this Agreement.

V.
Closing

5.01 Closing Date. This transaction shall close at the Title Company's offices or other location acceptable to the Parties on or before the date which is the earlier to occur of (a) Closing Deadline, or (b) ten (10) business days after the later to occur of the date of the Loan Assumption Approval (defined below), the Hotel Operating Agreement Assumption Approval (defined below), and the HSR Approval (defined below). The closing of the transaction evidenced by this Agreement is referred to in this Agreement as the "**Closing**" and the actual date upon which the Closing occurs is referred to in this Agreement as the "**Closing Date**". The "**Closing Deadline**" is December 15, 2021. The Closing Deadline may be extended by the mutual, written agreement of the Parties.

5.02 Seller's Closing Obligations. At the Closing, subject to the satisfaction or waiver by Seller of Seller's conditions to Closing, Seller shall, at Seller's sole cost and expense:

(a) execute and deliver to Purchaser a special warranty deed in the form of **Exhibit D** attached to this Agreement and incorporated herein by reference, with all blanks therein completed as necessary and with a description of the Units attached thereto as **Exhibit A** and the Permitted Exceptions list attached thereto as **Exhibit B** (the "**Deed**");

(b) deliver to Purchaser the original Tenant Leases, if available (and to the extent originals are not available, Seller will provide copies) and copies of all correspondence related thereto in the possession or control of Seller for the period between the Effective Date and the Closing Date;

(c) deliver to Purchaser an update to the Rent Roll (defined below) reflecting the status of rental payments under the Tenant Leases and, the amount of security deposits held by Seller in connection therewith (the "**Updated Rent Roll**");

(d) execute and deliver to Purchaser an assignment and assumption of leases and security deposits in the form of **Exhibit E** attached to this Agreement and incorporated herein by reference, with all blanks therein completed as necessary, with a description of the Land attached thereto as **Exhibit A** and with a copy of the Updated Rent Roll attached thereto as **Exhibit B** (the "**Assignment of Leases**");

(e) execute and deliver to Purchaser an assignment and assumption of contracts in the form of **Exhibit F** attached to this Agreement and incorporated herein by

reference, with all blanks therein completed as necessary, with a description of the Units attached thereto as **Exhibit A** and with a list of the Contracts attached thereto as **Exhibit B** (the "**Assignment of Contracts**");

(f) execute and deliver to Purchaser a general assignment and assumption agreement in the form of **Exhibit G** attached to this Agreement and incorporated herein by reference, with all blanks therein completed as necessary, with a description of the Land attached thereto as **Exhibit A**, with the list of Intangible Personal Property attached thereto as **Exhibit B-1** and with the list of Personal Property attached thereto as **Exhibit B-2** (the "**General Assignment**");

(g) execute and deliver to Purchaser a notice to each of the tenants under the Tenant Leases in the form of **Exhibit H** attached to this Agreement and incorporated herein by reference, with all blanks therein completed as necessary (collectively, the "**Tenant Notice Letters**");

(h) execute and deliver all necessary documents required in connection with the assumption of the Goldman Loan by Purchaser and in connection with the release of Seller and Stratus Properties Inc., a Delaware corporation ("**Stratus**");

(i) execute and deliver all necessary documents required by Starwood in connection with the assumption of the Hotel Operating Agreement by Purchaser and in connection with the release of Seller;

(j) execute and deliver all necessary documents required to evidence the termination of the Facilities Use Agreement (defined below);

(k) execute and deliver, and cause Stratus Block 21 Investments and the Title Company to execute and deliver to Purchaser, the Escrow Agreement (defined below) and deliver the Escrow Funds (defined below) to the Title Company;

(l) cause the Title Company to issue a pro forma owner policy of title insurance to Purchaser, in the amount provided in Section 4.01 above, reflecting Purchaser as the insured owner of the Real Property, subject only to the Permitted Exceptions, and containing such endorsements thereto as are available for the Property and required by Purchaser;

(m) execute and deliver to Purchaser a "non-foreign" certificate sufficient to establish that withholding of tax is not required in connection with this transaction;

(n) deliver to Purchaser certificate(s)/registration(s) of title for any vehicle owned by Seller and used in connection with the Property and reflected on **Exhibit A-5** attached hereto;

(o) make available to Purchaser at the Property or in digital format, to the extent in Seller's possession or reasonably available to Seller, originals of the following items (1) complete sets of all architectural, mechanical, structural and/or electrical plans

and specifications used in connection with the construction of or alterations or repairs to the Property; and (2) as-built plans and specifications for the Property;

(p) deliver to Purchaser all original Warranties and Guaranties (defined below) in Seller's possession or reasonably available to Seller;

(q) deliver to Purchaser resignations of all Affiliates of Seller from each board of directors of the Master Condominium and Sub-Condominium;

(r) deliver to Purchaser an executed Assignment or Declarant Rights for each of the Master Condominium and Sub-Condominium in the form attached hereto as **Exhibit T**; and

(s) execute and deliver such other documents as are customarily executed by a seller in connection with the conveyance of similar property in Travis County, Texas, including all required closing statements, releases, affidavits, evidences of authority to execute the documents, certificates of good standing, corporate resolutions and any other instruments reasonably required by the Purchaser or the Title Company.

In addition, (i) at Closing, Seller will (A) provide Purchaser with documentation of the current balances of the Reserve Accounts as of the Closing Date (the "**Reserve Account Balances**"), and (B) either transfer the Reserve Account Balances to new accounts established by Purchaser in connection with the Loan Assumption or credit Purchaser at Closing in the amount of the Reserve Accounts, and (ii) at Closing, Seller will deliver to Purchaser certificates from the applicable State taxing authorities and local taxing authorities, dated no earlier than sixty (60) days prior to Closing, stating that all hotel, motel and other occupancy taxes, sales taxes and personal property taxes due and payable for the Property have been paid and, if any such taxes have not been paid, the amount due and payable as of the Closing Date.

Seller agrees to cause Stratus Block 21 Investments to cause Block 21 Service Company to execute and deliver such of the documents as are required to be executed by Block 21 Service Company to consummate the closing of this transaction at Closing.

5.03 Purchaser's Closing Obligations. At the Closing, subject to the satisfaction or waiver by Purchaser of Purchaser's conditions to Closing, Purchaser shall, at Purchaser's sole cost and expense:

(a) deliver to the Title Company the Purchase Price (less the Earnest Money, proration amounts, the Loan Balance and other credits hereunder to which Purchaser is entitled) plus the full amount of all expenses and other sums which Purchaser is required to pay to Seller under the terms of this Agreement, all for disbursement in accordance with the terms and provisions of this Agreement;

(b) execute and deliver to Seller the Deed, the Assignment of Leases, the Assignment of Contracts, and the General Assignment;

(c) consummate closing of the Loan Assumption (defined below) pursuant to the Loan Assumption Approval (defined below);

(d) consummate closing of the Hotel Operating Agreement Assumption (defined below) pursuant to the Hotel Operating Agreement Assumption Approval (defined below);

(e) execute and deliver to each of the tenants the Tenant Notice Letters;

(f) execute and deliver to Seller and the Title Company the Escrow Agreement; and

(g) execute and deliver such other documents as are customarily executed by a purchaser in connection with the conveyance of similar property in Travis County, Texas, including all required closing statements, evidences of authority to execute documents, certificates of good standing, corporate resolutions, and other instruments which are reasonably required by the Seller or the Title Company.

The Deed will be recorded in the Real Property Records of Travis County, Texas, prior to the recordation by Purchaser of any liens or encumbrances against the Real Property. None of the rights of Seller under this Agreement or under any of the agreements executed by the Parties at or in connection with the Closing will be subordinate or inferior to any liens or encumbrances created by Purchaser against the Real Property.

5.04 Closing Costs. Seller and Purchaser each agrees to pay the following costs at Closing, in addition to any other amounts set forth in this Agreement.

(a) At or prior to the Closing, Seller must pay: (i) the basic premium for the owner policy of title insurance in the amount provided in Section 4.01 above (the "**Title Policy**") and all inspection fees and other additional premiums or expenses of any kind or nature incurred in connection with the Title Policy other than the cost of endorsements thereto requested by Purchaser; (ii) all costs incurred in connection with the preparation and recordation of any releases of existing liens against the Property other than those securing the Goldman Loan; (iii) one-half (½) of all recording fees charged in connection with any other documents which are recorded pursuant to the terms of this Agreement; (iv) one half (1/2) of any escrow or closing fee charged by the Title Company in connection with this Agreement; (v) one-half (½) of the Loan Assumption Fees (defined below); and (vi) any other closing costs customarily paid by a seller of similar property in Travis County, Texas, except as may be otherwise provided in this Agreement.

(b) At or prior to the Closing, Purchaser must pay: (i) all charges for any endorsements to the Title Policy; (ii) one-half (½) of the Loan Assumption Fees; (iii) all expenses incurred in connection with the Survey; (iv) all expenses relating to Purchaser's Hotel Operating Agreement Assumption; (v) one-half (½) of all recording fees charged in connection with any documents which are recorded pursuant to the terms of this Agreement; (vi) one-half (1/2) of any escrow fee charged by the Title company in connection with this Agreement; and (vii) any other closing costs customarily paid by a

purchaser of similar property in Travis County, Texas, except as may otherwise be provided in this Agreement.

(c) Each Party will be responsible for the payment of its own attorneys' fees.

(d) All fees required to be paid in connection with filings required under the HSR Act (defined below) or other Antitrust Laws (defined below) in order to consummate the transactions contemplated hereby shall be paid in full by Purchaser. All out-of-pocket expenses incurred by the Purchaser or the Seller in connection with their respective obligations pursuant to Section 6.13 shall be borne by the Party incurring such expenses.

5.05 Prorations and Adjustments.

(a) Subject to the terms and methodology provided on **Exhibit U** attached hereto and made a part thereof, which shall control over any contrary provision of this Section 5.05 with respect to certain prorations relating to Hotel operations, all normally and customarily proratable items, including, without limitation, real estate and personal property taxes ("**Taxes**"), utility expenses, expenses arising under the Contracts, condominium association assessments and expenses and rents and expenses arising under the Tenant Leases, will be prorated as of the Closing Date, Seller being charged and credited for all of the same through the day before the Closing Date and Purchaser being charged and credited for all of the same on and after the Closing Date.

(b) If the Taxes for the year of Closing are not known as of the Closing Date, the proration for Taxes will be determined based upon the appraised value of the Real Property and the tax rates applicable to the Real Property during the year prior to the calendar year of the Closing; provided, however, if the lawsuit described in item 2 of **Exhibit I** has been finally determined as of the Closing, the value determined in such lawsuit shall be used to calculate the tax rates for the year of Closing.

(c) If the actual amounts to be prorated with respect to income or expenses other than Taxes are not known as of the Closing Date, the prorations with respect to those items shall be made on the best information then available.

(d) With respect to Taxes and other income or expenses, after the actual amounts thereof are known, adjustments, if needed, will be made between Seller and Purchaser.

(e) Utilities for the Real Property, including water, sewer, electric, and gas, based upon the last reading of meters prior to the Closing shall be prorated. Seller shall endeavor to obtain meter readings on the day before the Closing Date, and if such readings are obtained, there shall be no proration of such items. Seller shall pay at Closing the bills therefor for the period to the day preceding the Closing, and Purchaser shall pay the bills therefor for the period subsequent thereto. If the utility company will not issue separate bills, Purchaser will receive a credit against the Purchase Price for Seller's portion and Purchaser will pay the entire bill prior to delinquency after Closing. If Seller has paid any utilities in advance, then Purchaser shall be charged its portion of such payment at Closing.

(f) All deposits held by the providers of utility services to the Real Property shall, at Seller's option, be refunded to the Seller by the appropriate utility providers, or be assigned to Purchaser at the Closing, with the assigned amounts being paid by Purchaser to Seller at Closing. Purchaser shall be solely responsible to make arrangements for the continuation of utility services to the Real Property, including without limitation, the obligation to post new utility deposits in the event Seller elects to obtain a refund of Seller's existing deposits from the providers of utility services. Seller will notify Purchaser at least ten (10) days prior to Closing of any utility deposits which Seller intends to have refunded.

(g) All security deposits under the terms of the Tenant Leases shall be delivered or credited to Purchaser at the Closing, and Purchaser will assume all liabilities and obligations of Seller in connection with such security deposits.

(h) All rents, expense reimbursements and other income collected with respect to the Real Property as of the Closing Date for the then current month shall be prorated as of the Closing Date. With respect to uncollected rents for any period prior to Closing (the "**Seller's Rents**"), Purchaser shall pay to Seller all of Seller's Rents as and when collected. Purchaser shall make a diligent attempt after Closing to collect the Seller's Rents in the usual course of operation of the Property. Nothing contained herein shall prohibit, limit or restrict Seller from collecting or attempting to collect Seller's Rents directly from any tenant in any lawful manner after the Closing, but Seller cannot threaten, or take any action against a delinquent tenant, to terminate such delinquent tenant's lease One hundred eighty (180) days after the Closing Date, Purchaser shall provide Seller with a written accounting of all of Seller's Rents collected by Purchaser after Closing. Purchaser shall promptly pay to Seller all Seller's Rents collected by Purchaser after Closing and not previously remitted by Purchaser to Seller. In making the computations required by this Section, all amounts of delinquent rent and expenses collected from tenants shall be applied: (i) first to Purchaser's actual and reasonable costs of collection, including, without limitation, court costs and reasonable attorneys' fees (if and only if Seller has previously approved in writing Purchaser's proposed retention of an attorney to collect Seller's Rents); (ii) next, to the then-current rents; and (iii) finally, to Seller's Rents.

(i) Seller or Purchaser, as the case may be, shall receive a credit for charges under Contracts and with respect to any licenses, permits, or other items included in the Intangible Personal Property assigned to Purchaser which are paid and applicable to Purchaser's period of ownership or payable and applicable to Seller's period of ownership, respectively.

(j) Seller and Purchaser agree to the terms and provisions set forth in **Exhibit Y** attached hereto and incorporated herein for all purposes. The Purchase Price may be adjusted at Closing in accordance with the terms and provisions set forth in **Exhibit Y**.

(k) If a final proration cannot be made at Closing for any item being prorated under this Section 5.05 then Purchaser and Seller agree to prorate or re-prorate such item on a fair and equitable basis as soon as invoices, bills or other adequate information are available and all applicable reconciliations with tenants have been completed, with final adjustment to be made as soon as reasonably possible after the Closing but in no event

later than sixty (60) days after the Closing Date (except as to real estate taxes for the year of Closing and charges or reimbursements for differences in estimated operating expense payments by tenants and actual operating expense reimbursements due, the final adjustment with respect to which shall take place not later than 30 days after the final determination of the amount payable with respect thereto for the year of Closing). All payments in connection with the final adjustment shall be due within ten (10) days of written notice. Each Party shall each have reasonable access to, and the right to inspect and audit, the books and records of the other Party as necessary to confirm the final prorations.

(l) The provisions of this Section 5.05 shall survive the Closing.

5.06 Section 1031 Exchange. Either Party (the "**Exchanging Party**") may consummate the sale and purchase of the Real Property as part of a so-called like kind exchange (the "**Exchange**") pursuant to Section 1031 of the Internal Revenue Code of 1986, as amended (the "**Code**"); provided that: (a) the Closing shall not be delayed or affected by reason of the Exchange; (b) the consummation of the Exchange will not be a condition precedent or condition subsequent to the obligations of either Party under this Agreement; (c) the Exchanging Party shall effectuate the Exchange through an assignment of its rights under this Agreement to a qualified intermediary; (d) the other Party ("**Non-Exchanging Party**") shall not be required to take an assignment of any purchase agreement for replacement property or be required to acquire or hold title to any replacement property for purposes of consummating the Exchange; (e) the Non-Exchanging Party shall not be required to incur any cost or liability in connection with the Exchange; and (f) the Non-Exchanging Party shall not by this Agreement or by the acquiescence of the Non-Exchanging Party to the Exchange: (i) have its rights under this Agreement affected or diminished in any manner; or (ii) be responsible for compliance with or be deemed to have warranted to Exchanging Party that the Exchange in fact complies with Section 1031 of the Code.

VI.
Representations, Covenants, Notices and Other Matters

6.01 Seller Representations:

(a) Seller represents and warrants to Purchaser the following:

(i) Seller is a duly organized and validly existing limited liability company under the laws of the State of Delaware (the "**Existence Representation**").

(ii) Except as otherwise expressly contemplated in this Agreement, Seller has, without notice to or consent or joinder of any other person or entity (other than as contemplated with the Loan Assumption and the Hotel Operating Agreement Assumption) the full right, power and authority to enter into and perform this Agreement, including full right, power and authority to sell the Property to Purchaser (the "**Third Party Approval Representation**").

(iii) Seller's execution, delivery and performance of this Agreement: (1) are within Seller's power and authority and have been duly authorized; and (2) will not conflict with or, with or without notice or the passage of time, or both,

result in a breach of any of the terms and provisions of or constitute a default under, any legal requirement, indenture, mortgage, loan agreement or instrument to which Seller is a party or by which Seller or any part of the Property is bound, subject to securing and complying with the Loan Assumption and the Hotel Operating Agreement Assumption (the "**Authority Representation**").

(iv) Except as set forth on **Exhibit I** attached hereto, Seller has not been served with written notice of any existing or threatened litigation with respect to the Property which could reasonably be expected to have a material, adverse impact on the Property after the Closing.

(v) Seller has not received any written notice of any pending or threatened improvement liens, special assessments or condemnations against the Real Property by any governmental authority.

(vi) Except as set forth on **Exhibit J** attached hereto, Seller has not received any written notice of any violation of any ordinance, regulation, law or statute of any governmental agency pertaining to the Property or any portion thereof.

(vii) There are no Tenant Leases other than those listed on **Exhibit A-1** attached hereto.

(viii) The rent roll for the Tenant Leases attached as **Exhibit S** hereto (the "**Rent Roll**") contains a true and correct description of the stated information with respect to the Tenant Leases as of the date indicated thereon, the security deposits set forth on the Rent Roll are all of the security deposits for the Tenant Leases that are in the possession and control of the Seller, and there are no other security deposits required to be held or controlled by Seller pursuant to the Tenant Leases.

(ix) Seller has not entered into any Material Agreements (as defined on **Exhibit V** attached hereto) affecting or binding upon the Property and, to the actual knowledge of Seller, there are no Material Agreements affecting or binding upon the Property, in either case other than: (1) the Contracts listed in **Exhibit A-2** attached hereto; (2) the Tenant Leases listed in **Exhibit A-1** attached hereto; (3) documents reflected in Permitted Exceptions; and the Facilities Use Agreement which will be terminated on or before Closing.

(x) Seller is not in default under the terms of any Contract that constitutes a Material Agreement. To the actual knowledge of Seller: (1) Seller has provided to Purchaser true, correct and complete copies of all Contracts; and (2) no party other than Seller to any Contract that constitutes a Material Agreement is in default under the terms of such Contract.

(xi) Except as reflected in the Contracts and the Facilities Use Agreement (which will be terminated on or before Closing), to the actual knowledge of Seller: (1) there are no brokerage commission agreements between Seller and any broker which will survive Closing; and (2) all third-party

brokerage commissions, leasing fees or "finders fees" have been paid in full as of the Effective Date or will be paid in full by Seller at or prior to the Closing.

(xii) The operating statements for the Real Property delivered to Purchaser were prepared in the ordinary course of business and Seller uses this information in its operation of the Real Property in its normal course of business. Seller makes no representations or warranty as to the accuracy of such operating statements.

(xiii) The Property Information includes true, correct and complete copies of all the Loan Documents (defined below) that are in Seller's possession and all material correspondence from the lender or servicer relating thereto, including without limitation those documents relating to the assignment and syndication of the Loan that are in Sellers' possession or control.

(xiv) Seller is not a "foreign person" as defined in Section 1445 of the Internal Revenue Code of 1986, as amended, and will deliver an affidavit so confirming at Closing.

(xv) Neither Seller nor, to Seller's actual knowledge, any Person (as defined below) who owns a direct or indirect interest in Seller (collectively, a "**Seller Owner**") is now nor shall be at any time until the Closing under this Agreement an individual, corporation, partnership, joint venture, association, joint stock company, trust, trustee, estate, limited liability company, unincorporated organization, real estate investment trust, government or any agency or political subdivision thereof, or any other form of entity (collectively, a "**Person**") with whom a United States citizen, entity organized under the laws of the United States or its territories or entity having its principal place of business within the United States or any of its territories (collectively, a "**U.S. Person**"), including a United States Financial Institution as defined in 31 U.S.C. 5312, as periodically amended ("**Financial Institution**"), is prohibited from transacting business of the type contemplated by this Agreement, whether such prohibition arises under United States law, regulation, executive orders and lists published by the Office of Foreign Assets Control, Department of the Treasury ("**OFAC**") (including those executive orders and lists published by OFAC with respect to Persons that have been designated by executive order or by the sanction regulations of OFAC as Persons with whom U.S. Persons may not transact business or must limit their interactions to types approved by OFAC) or otherwise.

(xvi) Neither Seller nor, to Seller's actual knowledge, any Seller Owner, nor any Person providing funds to Seller in connection with the transaction contemplated hereby (i) is under investigation by any governmental authority for, or has been charged with, or convicted of, money laundering, drug trafficking, terrorist related activities, any crimes which in the United States would be predicate crimes to money laundering or any violation of any Anti-Money Laundering Laws (as defined below) or any violation of any Anti-Corruption Laws (as defined below); (ii) has been assessed civil or criminal penalties under

any Anti-Money Laundering Laws or under any Anti-Corruption Laws; or (iii) has had any of its funds seized or forfeited in any action under any Anti Money Laundering Laws or any Anti-Corruption Laws.

(xvii) Seller has not granted, and no person has any right of first refusal, option or similar right to purchase from Seller all or any portion of the Property.

(xviii) To Seller's knowledge, Seller possesses all Authorizations (defined in **Exhibit V**), each of which is valid and in full force and effect, and no provision, condition or limitation of any of the Authorizations has been breached or violated.

(xix) Except as set forth on **Exhibit J**, Seller has not received written notice of any existing or threatened violation of any provision of any Applicable Laws (defined in **Exhibit V**) including, but not limited to, those of environmental agencies or insurance boards of underwriters with respect to the ownership, operation, use, maintenance or condition of the Property or any part thereof, or requiring any repairs or alterations to the Real Property other than those that have been made prior to the date hereof. Seller has no knowledge, nor has it received written notice of any existing or threatened violation of any restrictive covenants or deed restrictions affecting the Real Property.

(xx) All the Personalty being conveyed by Seller hereunder are free and clear of all liens and encumbrances except for those which will be discharged by seller at Closing and the Goldman Loan and those items of Personalty as are leased pursuant to the equipment leases listed on **Exhibit A-8**, each of which equipment leases shall be assigned to and assumed by Purchaser at Closing, and Seller has good title to such Personalty and the right to convey same in accordance with the terms of this Agreement.

(xxi) Seller has no employees and is not a party to any oral or written employment contracts or agreements with respect to the Property.

(xxii) Except as reflected in reports that are included in the Property Information, to Seller's knowledge, neither Seller nor any previous owner, tenant, occupant or user of the Real Property, nor any other person, has engaged in or permitted any operations or activities upon, or any use or occupancy of the Real Property or any portion thereof, for the purpose of or in any way involving the handling, manufacture, treatment, storage, use, generation, release, discharge, refining, dumping or disposal of any Hazardous Materials (defined in **Exhibit V**) on, under, in or about the Real Property in violation of any Applicable Laws. Except as reflected in reports that are included in the Property Information, to Seller's knowledge, no Hazardous Materials have migrated from or to the Real Property upon, about, or beneath other properties in violation of any Environmental Requirements (defined in **Exhibit V**). Except as reflected in reports that are included in the Property Information, to Seller's knowledge, neither the Real Property nor its existing or prior uses fail or failed to materially comply with Environmental Requirements. Except as reflected in reports that are included in the Property Information, Seller has no knowledge of any permits,

licenses or other authorizations which are required under any Environmental Requirements with regard to the current uses of the Real Property which have not been obtained and complied with. Except as reflected in reports that are included in the Property Information, to Seller's knowledge, neither Seller nor any prior owner, occupant or user of the Real Property has received any written notice concerning any alleged violation of Environmental Requirements in connection with the Real Property or any liability for Environmental Damages (defined in **Exhibit V**) in connection with the Real Property for which Seller (or Purchaser after Closing) may be liable. Except as reflected in reports that are included in the Property Information, to Seller's knowledge, no Hazardous Materials are constructed, deposited, stored or otherwise located on, under, in or about the Real Property in violation of any Environmental Requirements. To Seller's knowledge, there exists no writ, injunction, decree, order or judgment outstanding, nor any lawsuit, claim, proceeding, citation, summons or investigation, pending or threatened, relating to any alleged violation of Environmental Requirements on the Real Property, or from the suspected presence of Hazardous Materials thereon, or relating to any Environmental Damages. Except as reflected in the plans and specifications for the Improvements that are included in the Property Information, no underground or above ground chemical treatment or storage tanks, or gas or oil wells are located on the Real Property.

(xxiii) There are no property interests, buildings, structures or other improvements or personal property that are owned by Seller which are necessary for the operation of the Hotel that are not being conveyed pursuant to this Agreement. The Master Condominium (defined in **Exhibit V**) and the Sub-Condominium (defined in **Exhibit V**) are each validly created and existing condominium regimes in all material respects under the laws of Texas. The condominium regimes and the Condominium Documents, including, but not limited to, the Declaration of Condominium, Association Certificate of Formations, Association Bylaws, rules (if any), are duly created and maintained in material compliance with the laws of Texas. To Seller's actual knowledge, there are no matters relating to Seller's compliance with applicable laws related to the Master Condominium and the Sub-Condominium that would have a material adverse effect on Purchaser's ownership and use of the Real Property.

(xxiv) Seller possesses all of the declarant rights held by CJUF II Stratus Block 21 LLC, the original declarant under the Master Condominium and Sub-Condominium Declaration. No party, other than Seller, possesses any portion of declarant rights under the Master Condominium and Sub-Condominium Declaration. In addition, transfer of control of the Master Association has not occurred, and Seller still controls the board of directors for each of the Master Association and Sub Association.

(xxv) Transfer of the declarant's rights pursuant to the Development Period set forth in the Master Declaration and Sub Declaration has not occurred, and Seller controls and possesses all of the rights and privileges reserved in favor

of declarant during the Development Period (as defined in the Master Condominium and Sub-Condominium Declaration).

(xxvi) Except for (a) those agreements regarding occupancy rights, leases, tenancies, or affiliations and other Material Agreements entered into in the ordinary course of business of developing the Master Condominium and Sub-Condominium and operating the Master Condominium and Sub-Condominium as contemplated and (b) the agreements and other documents reflected in the Property Information or Permitted Exceptions, there are no occupancy rights, leases, tenancies, affiliations or other Material Agreements presently affecting any Units, as of the date of Purchaser's purchase thereof on the Closing Date. To Seller's actual knowledge, there exist no material defaults by Seller under any such contracts in connection with the Master Condominium and Sub-Condominium or any event or omission which, with notice or the passage of time, or both, would constitute a material default by Seller under any contracts that are reasonably expected to have a material adverse effect on Purchaser's operations at the Master Condominium and Sub-Condominium and did not result, directly or indirectly, from any act or omission by Purchaser or any Affiliate thereof.

(xxvii) Seller has not received any written notice, nor is it aware that the Master Association or Sub-Association has received notice, from any insurance company of any defect or inadequacy in the Master Condominium and Sub-Condominium that would materially and adversely affect the insurability of the Units, or which would materially increase the cost of any insurance beyond that which would ordinarily and customarily be charged for similar property and improvements located in the vicinity of the Master Condominium and Sub-Condominium.

(xxviii)The Master Association and Sub-Association are in good standing under Applicable Law, have paid all due and payable taxes as imposed on such association, and, to Seller's actual knowledge, there are no material undisclosed liabilities of the Master Association and Sub-Association.

(xxix) There exist no outstanding special assessments assessed by the Master Association and Sub-Association nor, to Seller's actual knowledge, are any such special assessments contemplated or threatened by the Master Association or Sub-Association.

(xxx) With respect to the Sub-Condominium, there is no litigation pending or, to Seller's actual knowledge, threatened against the Seller relating to any construction defects related to the Sub-Condominium, nor to Seller's actual knowledge, is there any litigation pending or threatened against the Seller relating to any claims of fraud or misrepresentation in connection with the construction, development, or offering of the Sub-Condominium Units.

(xxxi) Seller, as owner of the Shared Facilities Master Unit, has no actual knowledge that the Shared Facilities Master Unit is in default of any of any of its

obligations to any owner or to the Master Association and Sub Association under the Master Declaration or the Sub Declaration. There are no outstanding amounts owed to Seller, as owner of the Shared Facilities Master Unit, except as to assessments under the Master Declaration due, payable, and collected in ordinary course of business. Seller has provided all books and records in Seller's possession and control and related to the Shared Facilities Master Unit to Purchaser. The SFU Management Contract for the Shared Facilities Master Unit has not been amended, is in full force and effect, and to the Seller's actual knowledge there are no existing defaults thereunder.

(xxxii) Seller, as owner of the Parking Master Unit, has no actual knowledge of that the Parking Master Unit is in default of any of any of its obligations to any owner or to the Master Association and Sub Association under the Master Declaration or the Sub Declaration. There are no outstanding amounts owed to Seller, as owner of the Parking Master Unit except as to assessments under the Master Declaration due, payable, and collected in ordinary course of business. Seller has provided all books and records in Seller's possession and control and related to the Parking Master Unit to Purchaser.

(xxxiii)Neither Seller, nor any Affiliate of Seller holds any liquor licenses or alcoholic beverage permits with respect to the Property.

(xxxiv)Seller owns no interest in any other names pursuant to which any portion of the Property is identified other than as listed in item 5 of **Exhibit A-6**, and Seller has no knowledge of any adverse claims against its interest in the names listed in item 5 of **Exhibit A-6** except to the extent that Seller's right to use the name "W Austin" is limited by the terms of the Hotel Operating Agreement.

Each of the warranties and representations of Seller under this Agreement is true and correct as of the Effective Date of this Agreement and shall be true and correct in all material respects as to the Closing Date.

(b) For purposes of this Agreement, the term "**Anti-Money Laundering Laws**" shall mean laws, regulations and sanctions, state and federal, criminal and civil, that (1) limit the use of and/or seek the forfeiture of proceeds from illegal transaction; (2) limit commercial transactions with designated countries or individuals believed to be terrorists, narcotics dealers or otherwise engaged in activities contrary to the interests of the United States; (3) require identification and documentation of the parties with whom a Financial Institution conducts business; or (4) are designed to disrupt the flow of funds to terrorist organizations. Such laws, regulations and sanctions shall be deemed to include the USA PATRIOT Act of 2001, Pub. L. No. 107-56, the Bank Secrecy Act, 31 U.S.C. Section 5311 et. seq., the Trading with the Enemy Act, 50 U.S.C. App. Section 1 et. seq., the International Emergency Economic Powers Act, 50 U.S.C. Section 1701 et. seq., the Money Laundering Control Act of 1986 and the sanction regulations promulgated pursuant thereto by the OFAC, as well as laws relating to prevention and detection of money laundering in 18 U.S.C. Section 1956 and 1957. For purposes of this Agreement, the term "**Anti-Corruption Laws**" shall mean any anti-corruption laws of any applicable

jurisdiction including the U.S. Foreign Corrupt Practices Act, 15 U.S.C. Section 78dd-1, et seq.

(c) All references in this Section 6.01 or elsewhere in this Agreement and/or in any other document or instrument executed by Seller in connection with or pursuant to this Agreement, to "Seller's knowledge" or "to the knowledge of Seller" and words of similar import shall refer to facts within the current actual knowledge, each of (i) William H. Armstrong, III, in his capacity as chief executive officer of Stratus, an affiliated entity that owns Seller, and (ii) Erin Pickens, in her capacity as chief financial officer of Stratus (collectively the "**Seller Representative**"). Nothing in this Section 6.01 or the remainder of this Agreement shall imply or impose any duty of investigation or inquiry upon Seller or the Seller Representative, or give rise to any personal liability on the part of the Seller Representative.

(d) The warranties and representations of Seller set out in this Section 6.01 and elsewhere in this Agreement, plus the representations and warranties set forth in the documents delivered by Seller at closing, including without limitation the special warranty of title to be included in the Deed, are referred to in this Agreement collectively as the "**Express Warranties**". Further, and notwithstanding any provision in this Agreement to the contrary, Purchaser hereby acknowledges and agrees that: (i) Purchaser has independently caused the Property to be inspected on Purchaser's behalf prior to the Effective Date; (ii) Purchaser has not entered into this Agreement based on any representation, warranty, agreement, statement or expression of opinion by Seller or by any person or entity acting or allegedly acting for or on behalf of Seller, other than the Express Warranties; (iii) Purchaser hereby disclaims any reliance upon any promises or agreements of Seller other than the Express Warranties; (iv) the Express Warranties are given by Seller and accepted by Purchaser subject to all matters that appear in or are disclosed by this Agreement, the Property Information, the Purchaser Due Diligence Materials, and the Permitted Exceptions (all of such matters being referred to in this Agreement collectively, the "**Disclosed Matters**"); and (v) if Purchaser closes the acquisition of the Property, Purchaser will be deemed to have accepted the Property subject to all of the Disclosed Matters (such Disclosed Matters, together with all matters arising out of or relating to any promises and agreements or alleged promises or agreements of Seller, other than the Express Warranties, being referred to in this Agreement collectively as the "**Disclaimed Matters**").

(e) AS A MATERIAL PART OF THE CONSIDERATION FOR THIS AGREEMENT, PURCHASER AGREES AND ACKNOWLEDGES THAT: (1) EXCEPT ONLY WITH RESPECT TO THE EXPRESS WARRANTIES, PURCHASER IS TAKING THE PROPERTY "AS-IS", WITH ANY AND ALL LATENT AND PATENT DEFECTS, AND WITHOUT ANY EXPRESS OR IMPLIED WARRANTIES OF ANY KIND; (2) EXCEPT ONLY WITH RESPECT TO THE EXPRESS WARRANTIES, THERE IS NO WARRANTY BY SELLER THAT THE PROPERTY IS FIT FOR ANY PARTICULAR PURPOSE; (3) EXCEPT ONLY WITH RESPECT TO THE EXPRESS WARRANTIES, PURCHASER IS NOT RELYING ON THE ACCURACY OR COMPLETENESS OF ANY REPRESENTATION, BROCHURE, RENDERING, PROMISE, STATEMENT OR OTHER ASSERTION OR INFORMATION WITH RESPECT TO THE PROPERTY MADE OR FURNISHED BY

OR ON BEHALF OF, OR OTHERWISE ATTRIBUTED TO, SELLER OR ANY OF SELLER'S AGENTS, EMPLOYEES AND REPRESENTATIVES, ANY AND ALL SUCH RELIANCE BEING HEREBY EXPRESSLY AND UNEQUIVOCALLY DISCLAIMED; (4) EXCEPT ONLY WITH RESPECT TO THE EXPRESS WARRANTIES, PURCHASER IS RELYING SOLELY AND EXCLUSIVELY UPON ITS OWN EXPERIENCE AND ITS INDEPENDENT JUDGMENT, EVALUATION AND EXAMINATION OF THE PROPERTY; (5) EXCEPT ONLY WITH RESPECT TO THE EXPRESS WARRANTIES, PURCHASER DISCLAIMS THE EXISTENCE OF ANY DUTY TO DISCLOSE ON THE PART OF SELLER AND SELLER'S AGENTS, EMPLOYEES AND REPRESENTATIVES AND PURCHASER FURTHER DISCLAIMS ANY RELIANCE ON THE SILENCE OF SELLER AND SELLER'S AGENTS, EMPLOYEES AND REPRESENTATIVES; (6) PURCHASER TAKES AND ACCEPTS THE PROPERTY SUBJECT TO THE DISCLAIMED MATTERS; (7) PURCHASER RELEASES SELLER FROM ANY AND ALL LIABILITIES, OBLIGATIONS, CLAIMS AND CAUSES OF ACTION OF ANY KIND OR NATURE, FOR, CONCERNING OR REGARDING THE DISCLAIMED MATTERS (INCLUDING WITHOUT LIMITATION ALL LIABILITY FOR CONTRIBUTION AND INDEMNITY), REGARDLESS OF WHETHER SUCH LIABILITY ARISES UNDER CONTRACT, STATUTE OR OTHERWISE; (8) THIS "AS IS" PROVISION WAS FREELY NEGOTIATED AND PLAYED AN IMPORTANT PART IN THE BARGAINING PROCESS FOR THIS AGREEMENT; (9) EXCEPT ONLY WITH RESPECT TO THE EXPRESS WARRANTIES, PURCHASER DISCLAIMS RELIANCE ON SELLER AND ACCEPTS THE PROPERTY "AS-IS" WITH FULL AWARENESS THAT THE PROPERTY'S PRIOR USES AND OTHER DISCLAIMED MATTERS COULD AFFECT THE PROPERTY'S CONDITION, VALUE, SUITABILITY AND FITNESS AND PURCHASER HEREBY ASSUMES ALL RISK ASSOCIATED THEREWITH; (10) THE DISCLAIMERS OF RELIANCE, RELEASES, AND OTHER PROVISIONS CONTAINED IN THIS "AS IS" PROVISION COULD LIMIT ANY LEGAL RECOURSE OR REMEDY PURCHASER OTHERWISE MIGHT HAVE; (11) PURCHASER HAS RELIED UPON THE ADVICE OF ITS OWN LEGAL COUNSEL CONCERNING THIS "AS IS" PROVISION; AND (12) THIS "AS IS" PROVISION WILL SURVIVE CLOSING AND WILL NOT MERGE WITH THE DEED OR ANY OF THE OTHER DOCUMENTS DELIVERED AT THE CLOSING.

(f) If Seller receives or gains knowledge of any facts or circumstances, that Seller will not cure prior to the Closing Date and that would make any of the Express Warranties or any of the covenants made by Seller under this Agreement inaccurate, incomplete or unperformable in any material respect, Seller shall promptly notify Purchaser in writing of the existence of such facts and circumstances, and (so long as such facts and circumstances have not been created by Seller or someone under the control of Seller). Purchaser must, within five (5) business days after Purchaser's receipt of such notice, either: (i) accept such modified representation, warranty or covenant as Seller may then give consistent with the facts and circumstances set out in Seller's notice and close under this Agreement, waiving Purchaser's rights to object to any matters which are not covered by such modified representation, warranty or covenant; or (ii) terminate this Agreement, as Purchaser's sole and exclusive remedy and receive a return of the Earnest Money. If Purchaser fails to deliver to Seller a written notice within

the five (5) business day period referenced in the immediately preceding sentence, then Purchaser shall be deemed to have elected option (i) in the immediately preceding sentence.

(g) Notwithstanding any provision in this Agreement to the contrary: (i) in the event of a breach by Seller under Section 6.01(a) of this Agreement, Purchaser will have no right to terminate this Agreement unless such breach has a material and adverse effect on the Property (herein meaning, any breach by Seller which either results in damages in excess of $100,000.00 or adversely interferes with Purchaser's ability to continue its operation of the Property in substantially the same manner as presently conducted); (ii) if Purchaser receives notice of any condemnation after the Effective Date of this Agreement, Purchaser will have no right to terminate this Agreement or to exercise any other right or remedy under this Agreement, except as provided in Section 7.01 of this Agreement; (iii) if Seller receives notice of any pending improvement liens or special assessments after the Effective Date of this Agreement, Purchaser will have no right to terminate this Agreement or exercise any other rights or remedies under this Agreement if Seller agrees with Purchaser in a writing reasonable satisfactory to Purchaser to pay the costs associated therewith and provides to Purchaser reasonably adequate collateral or other assurances to secure Seller's obligation make those payments; and (iv) in the event of any other breach by Seller under Section 6.01(a), Seller may, at Seller's option and election, and at Seller's sole costs and expense, remedy or remove the conditions giving rise to such default and, if necessary, extend the Closing Deadline for a reasonable period of time not to exceed thirty (30) days, and if Seller provides a cure under the preceding clause, then Purchaser will have no right to terminate this Agreement or exercise any other rights or remedies under this Agreement..

6.02 Purchaser Representations. Purchaser represents and warrants to Seller the following:

(a) Purchaser is a duly organized and validly existing corporation under the laws of the State of Delaware.

(b) Purchaser has, without notice to or consent or joinder of any other person or entity (other than as contemplated with the Loan Assumption and the Hotel Operating Agreement Assumption), the full right, power and authority to enter into and perform this Agreement, including full right, power and authority to purchase the Property from Seller.

(c) Purchaser's execution, delivery and performance of this Agreement: (i) are within Purchaser's power and authority and have been duly authorized; and (ii) will not conflict with or, with or without notice or the passage of time, or both, result in a breach of any of the terms and provisions of or constitute a default under any legal requirement, indenture, mortgage, loan agreement or instrument to which Purchaser is a party or by which Purchaser is bound.

(d) To Purchaser's current actual knowledge, Purchaser is, and on the Closing Date will be, financially able to consummate the purchase of the Property in the manner contemplated by this Agreement.

(e) Purchaser has no knowledge of any facts or circumstances which Purchaser has not disclosed to Seller and which would reveal any breach of any representation, warranty or covenant on the part of Seller under this Agreement.

(f) Neither Purchaser nor, to Purchaser's actual knowledge, any Person who owns a direct or indirect interest in Purchaser (collectively, a "**Purchaser Owner**") is now nor shall be at any time until the Closing under this Agreement a Person with whom a U.S. Person, including a Financial Institution, is prohibited from transacting business of the type contemplated by this Agreement, whether such prohibition arises under United States law, regulation, executive orders and lists published by OFAC (including those executive orders and lists published by OFAC with respect to Persons that have been designated by executive order or by the sanction regulations of OFAC as Persons with whom U.S. Persons may not transact business or must limit their interactions to types approved by OFAC) or otherwise. Neither Purchaser nor, to Purchaser's actual knowledge, any Purchaser Owner, nor any Person providing funds to Purchaser in connection with the transaction contemplated hereby (i) is under investigation by any governmental authority for, or has been charged with, or convicted of, money laundering, drug trafficking, terrorist related activities, any crimes which in the United States would be predicate crimes to money laundering or any violation of any Anti-Money Laundering Laws or any violation of any Anti-Corruption Laws; (ii) has been assessed civil or criminal penalties under any Anti-Money Laundering Laws or any Anti-Corruption Laws; or (iii) has had any of its funds seized or forfeited in any action under any Anti Money Laundering Laws or any Anti-Corruption Laws.

(g) None of Purchaser, nor any of its subsidiaries or, to the actual knowledge of Purchaser, any of Purchaser's "affiliates" or "associates" (giving those terms the meaning provided in each of Section 203 of the Delaware General Corporation Law and Article NINTH of Seller's Certificate of Incorporation) are currently, or at any time in the three years prior to the date of this Agreement have been, an "interested stockholder" (as defined in Section 203 of the Delaware General Corporation Law) or an "Interested Party" (as defined in Article NINTH of the Seller's Certificate of Incorporation).

Each of the warranties and representations of Purchaser under this Agreement is true and correct as of the Effective Date of this Agreement and shall be true and correct as of the Closing Date. The warranties, representations and covenants contained in this Agreement shall survive the Closing and shall inure to the benefit of and be binding upon the heirs, legal representatives, successors and assigns of the Parties hereto.

6.03 No Fraud In The Inducement.

(a) EACH PARTY UNEQUIVOCALLY REPRESENTS, ACKNOWLEDGES AND STATES THAT NEITHER THE OTHER PARTY NOR ANY AGENT, EMPLOYEE, CONTRACTOR OR OTHER PERSON OR ENTITY OPERATING BY, THROUGH OR UNDER THE OTHER PARTY: (1) HAS MADE ANY WARRANTIES, REPRESENTATIONS, PROMISES OR STATEMENTS, EITHER EXPRESS OR IMPLIED, TO INDUCE SUCH PARTY TO ENTER INTO THIS AGREEMENT, EXCEPT TO THE EXTENT THAT THE SAME ARE

EXPRESSLY SET FORTH IN THIS AGREEMENT; OR (2) HAS ANY DUTY TO MAKE ANY DISCLOSURES TO SUCH PARTY, EXCEPT TO THE EXTENT THAT THE SAME ARE EXPRESSLY SET FORTH IN THIS AGREEMENT.

(b) EACH PARTY UNEQUIVOCALLY REPRESENTS, ACKNOWLEDGES AND STATES THAT IN ENTERING INTO THIS TRANSACTION AND EXECUTING AND DELIVERING THIS AGREEMENT TO THE OTHER PARTY, SUCH PARTY IS: (1) NOT RELYING UPON ANY WARRANTIES, REPRESENTATIONS, PROMISES OR STATEMENTS, WHETHER EXPRESS OR IMPLIED, MADE BY THE OTHER PARTY OR ANY AGENT, EMPLOYEE, CONTRACTOR OR OTHER PERSON OR ENTITY OPERATING BY, THROUGH OR UNDER THE OTHER PARTY, EXCEPT TO THE EXTENT THAT THE SAME ARE EXPRESSLY SET FORTH IN THIS AGREEMENT; AND (2) EXCEPT TO THE EXTENT OTHERWISE EXPRESSLY AND SPECIFICALLY SET FORTH IN THIS AGREEMENT, RELYING SOLELY ON ITS OWN INSPECTION, INVESTIGATION AND JUDGMENT.

(c) EACH PARTY UNEQUIVOCALLY WAIVES, RELEASES, AND DISCLAIMS ANY RIGHT OR ABILITY TO SEEK TO REVOKE, RESCIND, VACATE, OR OTHERWISE AVOID THE OPERATION AND EFFECT OF THIS AGREEMENT ON THE BASIS OF: (1) ANY ALLEGED FRAUDULENT INDUCEMENT, MISREPRESENTATION, OR MATERIAL OMISSION BY THE OTHER PARTY OR ANY AGENT, EMPLOYEE, CONTRACTOR OR OTHER PERSON OR ENTITY OPERATING BY, THROUGH OR UNDER THE OTHER PARTY; OR (2) MUTUAL OR UNILATERAL MISTAKE OF FACT OR LAW, OR NEWLY DISCOVERED INFORMATION.

6.04 Seller Covenants. Seller agrees that, between the Effective Date of this Agreement and the Closing Date without the prior written consent of Purchaser:

(a) Except in the Ordinary Course of Business (defined on **Exhibit V**), neither Seller nor any of the other Seller Parties will make any commitments to any governmental authority, utility company, school board, church or other religious body, or any homeowners association, or any other organization, group or individual which would be binding upon Purchaser or the Property after the Closing without Purchaser's prior written approval, which approval will not be unreasonably withheld;

(b) Neither Seller nor any of the other Seller Parties will create or permit to be created any additional title encumbrances, whether monetary or otherwise, with respect to the Real Property without Purchaser's prior written approval, which approval will not be unreasonably withheld (except that Seller may, without necessity of obtaining any consent or approval from Purchaser, encumber the Real Property with the Permitted Exceptions and with any other encumbrances which Seller causes to be released at or prior to the Closing under this Agreement);

(c) Seller will make deposits in the Reserve Accounts to the extent required in accordance with the requirements of the applicable Loan Documents and Contracts, will

only withdraw funds from the Reserve Accounts to the extent permitted by the applicable Loan Documents and Contracts and will only use withdrawn funds for the purposes permitted by the applicable Loan Documents and Contracts and will give written notice to Purchaser within two (2) business days after making any such withdrawal;

(d) Seller will promptly upon obtaining written notice of same, notify Purchaser of any instituted or proposed foreclosure proceeding, condemnation action or other litigation or additional improvement lien or assessment with respect to the Property or any portion thereof;

(e) Seller will promptly notify Purchaser of any material damage to or destruction of the Real Property or any portion thereof; and

(f) Neither Seller nor any of the other Seller Parties will alter or amend, or make application to alter or amend, in any way, the zoning or any other governmental approval and permit applicable to the Property, without the prior written consent of Purchaser, which consent will not be unreasonably conditioned, withheld or delayed.

(g) Seller shall not before or after Closing expressly and voluntarily release or modify any Warranties and Guaranties (defined in **Exhibit V**), if any, except with the prior written consent of Purchaser.

(h) Seller shall pay all premiums on, and shall not cancel or voluntarily allow to expire, and shall maintain in full force and effect, all of Seller's Insurance Policies unless such policy is replaced, without any lapse of coverage, by another policy or policies providing coverage at least as extensive as the policy or policies being replaced.

(i) Seller covenants and agrees with Purchaser that, between the Effective Date and the Closing Date:

(i) Subject to the restrictions contained herein, Seller shall operate and maintain the Real Property in substantially the same manner in which Seller operated and maintained the Real Property prior to the execution of this Agreement, so as to keep the Real Property in good condition, reasonable wear and tear excepted.

(ii) Seller shall maintain its books of account and records in the usual, regular and ordinary manner, in accordance with sound accounting principles applied on a basis consistent with the basis used in keeping its books in prior years.

(iii) Seller shall maintain in full force and effect, and not cause or permit a default by Seller under (with or without the giving of any required notice and/or lapse of time) the Goldman Loan or the Hotel Operating Agreement.

(iv) Seller shall use and operate the Real Property in compliance with Applicable Laws and the requirements of the Loan Documents, the Hotel Operating Agreement and Insurance Policies in all material respects.

(v) Except as otherwise permitted hereby, Seller shall not take any action or fail to take action the result of which would have a material adverse effect on the physical condition of the Property or Purchaser's ability to continue the operation thereof after the date of Closing in substantially the same manner as presently conducted, or which would cause any of the representations and warranties of Seller provided elsewhere in this Agreement to be untrue as of Closing in any material respect.

(vi) Seller shall not fail to maintain the Improvements and those items of the Personalty furniture, fixtures and equipment (including, but not limited to, the mechanical systems, plumbing, electrical, wiring, appliances, fixtures, heating, air conditioning and ventilating equipment, elevators, boilers, equipment, roofs, structural members and furnaces) (referred to as "**FF&E**") in substantially the same condition as they are as of Effective Date, reasonable wear and tear excepted.

(vii) Seller shall not permit the items of the Personalty that constitutes inventory for the operation of the Hotel in the Hotel Master Unit to be diminished other than as a result of the ordinary and necessary operation of the Hotel by Seller.

(viii) Seller shall not remove or cause or permit to be removed any part or portion of the Improvements without the express written consent of Purchaser unless the same is replaced, prior to Closing, with similar items of at least equal suitability, quality and value, free and clear of any liens or security interests other than the Goldman Loan.

(ix) Seller shall not remove or cause or permit to be removed any part FF&E without the express written consent of Purchaser unless the same is replaced, prior to Closing, in accordance with the Hotel Operating Agreement, free and clear of any liens or security interests other than the Goldman Loan.

(x) Seller shall promptly advise Purchaser of any litigation, arbitration or administrative hearing concerning or affecting the Property of which Seller obtains actual knowledge.

6.05 Purchaser Covenants. Purchaser agrees that, between the Effective Date of this Agreement and the Closing Date, neither Purchaser nor any of the Purchaser Parties will, without the prior written consent of Seller:

(a) have any contact (written, verbal or otherwise) with or make any commitments to any governmental authority, utility company, school board, church, religious body, homeowners association, or other similar organization or group with respect to the Property or allow any third party to make or have any such contact on behalf of Purchaser or any of the Purchaser Parties;

(b) enter into any leases or other possessory agreements for the Real Property which would be binding on Seller or the Real Property after any termination of this Agreement;

(c) enter into or grant any easements, liens, encumbrances or other contracts or instruments which would be binding upon Seller or the Property after any termination of this Agreement;

(d) record in any public records, any memorandum or other instrument referencing this Agreement, other than any documents permitted pursuant to the terms of this Agreement or any lis pendens filed in connection with a suit for specific performance filed by Purchaser in conformance with the requirements of Section 8.02 of this Agreement;

(e) alter or amend in any way which would be binding upon Seller or the Real Property after any termination of this Agreement, the zoning or any other governmental approval or permit affecting the Real Property;

(f) commence any construction activities upon or within the Real Property;

(g) transfer, convey, dispose of or remove any portion of the Property; or

(h) terminate or amend or purport to terminate or amend any service contract, maintenance contract or other contract of any kind relating to the Property, which would be binding upon Seller or the Property after any termination of this Agreement.

6.06 Approved Leases. Seller acknowledges and agrees that after the Effective Date Seller will not enter into any new lease or amend any existing Tenant Lease without the prior written approval by Purchaser. Prior to entering into a new lease or amendment after the Effective Date, Seller will send Purchaser a copy of the proposed new lease or amendment for Purchaser's review and approval. Purchaser will notify Seller in writing within five (5) days after the date Seller sends Purchaser the proposed new lease or amendment and current tenant financials of whether Purchaser approves the proposed new lease or amendment (the "**Approved Lease"**). Purchaser shall have the right to withhold its approval of any new lease or amendment in its sole and absolute discretion.

6.07 Estoppel Certificates. Seller will make commercially reasonable efforts to deliver to Purchaser the following estoppel certificates:

(i) Tenant Leases. Estoppel certificates executed by all tenants under the Tenant Leases dated no earlier than ninety (90) days prior to the Closing Date in the form of the tenant estoppel certificate attached to such Tenant Lease or if no form is so attached, then in the form of **Exhibit K** attached hereto (collectively, the "**Tenant Estoppels**"). If Seller receives an executed Tenant Estoppel or a proposed Tenant Estoppel from a tenant that varies materially from the Rent Roll or the prescribed form, then Seller will submit the proposed Tenant Estoppel to Purchaser for its review and approval. Purchaser will respond to Seller in writing within three (3) business days of the date Seller submits a proposed Tenant Estoppel to Purchaser for review and approval of whether Purchaser approves the Tenant Estoppel and the specific reasons for withholding approval if approval is not granted. If Purchaser fails to respond within such three (3) business day period, then Purchaser will be deemed to have approved the Tenant Estoppel at issue. If Seller is unable, for any reason, to deliver to Purchaser Tenant Estoppels

from all tenants under the Tenant Leases that are either in material compliance with the Rent Roll and the applicable prescribed form for such Tenant Estoppel or are approved or deemed approved by Purchaser in accordance with this Section 6.07 for all Tenant Leases (the "**Tenant Estoppels Requirement**") on or before the date that is ten (10) days before the Closing Date, then Seller, shall provide an estoppel certificate signed by Seller in conformity with the Rent Roll and otherwise providing substantially the same information as the form attached as **Exhibit K**, modified as necessary to reflect execution and delivery by Seller and any discrepancies to the statements or certifications set forth therein (referred to as "**Seller Lease Estoppels**"). Otherwise, if Seller has not satisfied the Tenant Estoppels Requirement on that date that is ten (10) days before the Closing Date, then Purchaser, as Purchaser's sole and exclusive remedy, shall have the right to either: (i) require Seller to execute Seller Lease Estoppels for all Tenant Leases for which there is not a current executed Tenant Estoppel; or (ii) terminate this Agreement, in which event the Earnest Money shall be paid to Purchaser and thereafter neither Party shall have any further rights, remedies or obligations under this Agreement except obligations and rights that expressly survive any termination of this Agreement. Purchaser must exercise option (i) or option (ii) of the immediately preceding sentence by written notice to Seller on or before the date that is three (3) business days before the Closing Date. If Purchaser fails to exercise such option on or before the date that is three (3) business days before the Closing Date, then Purchaser will be deemed to have exercised option (i) set forth above.

(ii) Associations. Estoppel certificates executed by all associations (the "**Associations**") under Block 21 Master Condominiums, a condominium project in Travis County, Texas, according to the Declaration of Condominium and amendments thereto, recorded under Document No. 2010182735 of the Official Public Records of Travis County, Texas, as affected by Scrivener's Affidavit recorded under Document No. 2011009045 of the Official Public Records of Travis County, Texas and Management Certificate of Block 21 Condominium Community, Inc. recorded under Document No. 2011011873 of the Official Public Records of Travis County, Texas (the "**Declaration**") in the form of the estoppel certificate of **Exhibit L** attached hereto (collectively, the "**Association Estoppels**"). If Seller receives an executed Association Estoppel or a proposed Association Estoppel from an Association that varies materially from the prescribed form, then Seller will submit the proposed Association Estoppel to Purchaser for its review and approval. Purchaser will respond to Seller in writing within three (3) business days of the date Seller submits a proposed Association Estoppel to Purchaser for review and approval of whether Purchaser approves the Association Estoppel and the specific reasons for withholding approval if approval is not granted. If Purchaser fails to respond within such three (3) business day period, then Purchaser will be deemed to have approved the Association Estoppel at issue. If Seller is unable, for any reason, to deliver to Purchaser Association Estoppels that are either in material compliance with applicable prescribed form for such Association Estoppel or are approved or deemed approved by Purchaser in accordance with this Section 6.07 for all Associations (the "**Association Estoppels Requirement**") on or before the date

that is ten (10) days before the Closing Date, then Seller, at Seller's option, may provide an estoppel certificate signed by Seller to satisfy such Associations Estoppels Requirement (referred to as "**Seller Association Estoppels**"). Otherwise, if Seller has not satisfied the Association Estoppels Requirement on that date that is ten (10) days before the Closing Date, then Purchaser, as Purchaser's sole and exclusive remedy, shall have the right to either: (i) terminate this Agreement, in which event the Earnest Money shall be paid to Purchaser and thereafter neither Party shall have any further rights, remedies or obligations under this Agreement except obligations and rights that expressly survive any termination of this Agreement; or (ii) waive the requirement for such Association Estoppel(s). Purchaser must exercise option (i) or option (ii) of the immediately preceding sentence by written notice to Seller on or before the date that is three (3) business days before the Closing Date. If Purchaser fails to exercise such option on or before the date that is three (3) business days before the Closing Date, then Purchaser will be deemed to have exercised option (ii) set forth above.

(iii) Parking Services. Estoppel certificate executed by Hospitality Parking, LLC, a Texas limited liability company (the "**Hospitality**") under Parking Services Agreement dated November 1, 2018 between Hospitality and Seller (the "**Parking Services Agreement**") in the form of the estoppel certificate of **Exhibit M** attached hereto (the "**Hospitality Estoppel**"). If Seller receives an executed Hospitality Estoppel or a proposed Hospitality Estoppel from Hospitality that varies materially from the prescribed form, then Seller will submit the proposed Hospitality Estoppel to Purchaser for its review and approval. Purchaser will respond to Seller in writing within three (3) business days of the date Seller submits a proposed Hospitality Estoppel to Purchaser for review and approval of whether Purchaser approves the Hospitality Estoppel and the specific reasons for withholding approval if approval is not granted. If Purchaser fails to respond within such three (3) day period, then Purchaser will be deemed to have approved the Hospitality Estoppel. If Seller is unable, for any reason, to deliver to Purchaser the Hospitality Estoppel that is either in material compliance with applicable prescribed form or is approved or deemed approved by Purchaser in accordance with this Section 6.07 on or before the date that is ten (10) days before the Closing Date, then Seller, at Seller's option, may provide an estoppel certificate signed by Seller to satisfy the Hospitality Estoppel requirement (referred to as "**Seller Hospitality Estoppel**"). Otherwise, if Seller has not satisfied the Hospitality Estoppel Requirement on that date that is ten (10) days before the Closing Date, then Purchaser, as Purchaser's sole and exclusive remedy, shall have the right to either: (i) terminate this Agreement, in which event the Earnest Money shall be paid to Purchaser and thereafter neither Party shall have any further rights, remedies or obligations under this Agreement except obligations and rights that expressly survive any termination of this Agreement; or (ii) waive the requirement for the Hospitality Estoppel. Purchaser must exercise option (i) or option (ii) of the immediately preceding sentence by written notice to Seller on or before the date that is three (3) business days before the Closing Date. If Purchaser fails to exercise such option on or before the date that is three (3) business days before the Closing Date, then Purchaser will be deemed to have exercised option (ii) set forth above.

(iv) Starwood. Estoppel certificate executed by Starwood (defined below) under the Hotel Operating Agreement in the form of the estoppel certificate of **Exhibit N** attached hereto (the "**Starwood Estoppel**"). If Seller receives an executed Starwood Estoppel or a proposed Starwood Estoppel from Starwood that varies materially from the prescribed form, then Seller will submit the proposed Starwood Estoppel to Purchaser for its review and approval. Purchaser will respond to Seller in writing within three (3) business days of the date Seller submits a proposed Starwood Estoppel to Purchaser for review and approval of whether Purchaser approves the Starwood Estoppel and the specific reasons for withholding approval if approval is not granted. If Purchaser fails to respond within such three (3) business day period, then Purchaser will be deemed to have approved the Starwood Estoppel. If Seller is unable, for any reason, to deliver to Purchaser the Starwood Estoppel that is either in material compliance with applicable prescribed form or is approved or deemed approved by Purchaser in accordance with this Section 6.07 on or before the date that is ten (10) days before the Closing Date, then Purchaser, as Purchaser's sole and exclusive remedy, shall have the right to either: (i) terminate this Agreement, in which event the Earnest Money shall be paid to Purchaser and thereafter neither Party shall have any further rights, remedies or obligations under this Agreement except obligations and rights that expressly survive any termination of this Agreement; or (ii) waive the requirement for the Starwood Estoppel. Purchaser must exercise option (i) or option (ii) of the immediately preceding sentence by written notice to Seller on or before the date that is three (3) business days before the Closing Date. If Purchaser fails to exercise such option on or before the date that is three (3) business days before the Closing Date, then Purchaser will be deemed to have exercised option (ii) set forth above.

(v) KLRU. Estoppel certificate executed by Capital of Texas Public Telecommunications Council ("**KLRU**") under Block 21 Master Agreement dated July 1, 2010 between KLRU and CJUF II Stratus Block 21 LLC and amended by First Amendment to Block 21 Master Agreement dated November 20, 2012 between KLRU and CJUF II Stratus Block 21 LLC and amended by Second Amendment to Block 21 Master Agreement dated October 18, 2018 by and among KLRU, Seller, formerly known as CJUF II Stratus Block 21 LLC and Block 21 Service Company and Third Amendment to Block 21 Master Agreement dated October 18, 2018 by and among KLRU, Seller, formerly known as CJUF II Stratus Block 21 LLC and Block 21 Service Company (the "**KLRU Agreement**") in the form of the estoppel certificate of **Exhibit O** attached hereto (the "**KLRU Estoppel**"). If Seller receives an executed KLRU Estoppel or a proposed KLRU Estoppel from KLRU that varies materially from the prescribed form, then Seller will submit the proposed KLRU Estoppel to Purchaser for its review and approval. Purchaser will respond to Seller in writing within three (3) business days of the date Seller submits a proposed KLRU Estoppel to Purchaser for review and approval of whether Purchaser approves the KLRU Estoppel and the specific reasons for withholding approval if approval is not granted. If Purchaser fails to respond within such three (3) business day period, then Purchaser will be deemed to have approved the KLRU Estoppel. If Seller is unable, for any reason, to deliver to Purchaser the

KLRU Estoppel that is either in material compliance with applicable prescribed form or is approved or deemed approved by Purchaser in accordance with this Section 6.07 on or before the date that is ten (10) days before the Closing Date, then Purchaser, as Purchaser's sole and exclusive remedy, shall have the right to either: (i) terminate this Agreement, in which event the Earnest Money shall be paid to Purchaser and thereafter neither Party shall have any further rights, remedies or obligations under this Agreement except obligations and rights that expressly survive any termination of this Agreement; or (ii) waive the requirement for the KLRU Estoppel. Purchaser must exercise option (i) or option (ii) of the immediately preceding sentence by written notice to Seller on or before the date that is three (3) business days before the Closing Date. If Purchaser fails to exercise such option on or before the date that is three (3) business days before the Closing Date, then Purchaser will be deemed to have exercised option (ii) set forth above.

(vi) Shared Facilities. Estoppel certificate executed by Seller with regard to that certain Shared Facilities Master Unit Management Agreement dated January 7, 2011 between Starwood and CJUF II Stratus Block 21 LLC (the "**Shared Facilities Agreement**") in the form of the estoppel certificate of **Exhibit P** attached hereto (the "**Shared Facilities Estoppel**") modified as necessary to reflect any discrepancies to the statements or certifications set forth therein. If Seller revisions to the Shared Facilities Estoppel varies materially from the prescribed form, then Seller will submit the proposed Shared Facilities Estoppel to Purchaser for its review and approval. Purchaser will respond to Seller in writing within three (3) business days of the date Seller submits the proposed Shared Facilities Estoppel to Purchaser for review and approval of whether Purchaser approves the Shared Facilities Estoppel and the specific reasons for withholding approval if approval is not granted. If Purchaser fails to respond within such three (3) business day period, then Purchaser will be deemed to have approved the Shared Facilities Estoppel. If Seller is unable, for any reason, to deliver to Purchaser the Shared Facilities Estoppel that is either in material compliance with applicable prescribed form or is approved or deemed approved by Purchaser in accordance with this Section 6.07 on or before the date that is ten (10) days before the Closing Date, then Purchaser, as Purchaser's sole and exclusive remedy, shall have the right to either: (i) terminate this Agreement, in which event the Earnest Money shall be paid to Purchaser and thereafter neither Party shall have any further rights, remedies or obligations under this Agreement except obligations and rights that expressly survive any termination of this Agreement; or (ii) waive its objection to the material discrepancies in the Shared Facilities Estoppel. Purchaser must exercise option (i) or option (ii) of the immediately preceding sentence by written notice to Seller on or before the date that is three (3) business days before the Closing Date. If Purchaser fails to exercise such option on or before the date that is three (3) business days before the Closing Date, then Purchaser will be deemed to have exercised option (ii) set forth above.

Notwithstanding the foregoing, if any estoppel certificate required pursuant to this Section 6.07 is dated earlier than thirty (30) days prior to the Closing Date, Seller

shall deliver a written certification to Purchaser at Closing, pursuant to which Seller certifies that, to Seller's actual knowledge, all agreements and certifications set forth in such estoppel certificate(s) are true and correct in all respects as of the Closing Date (or, if same have changed, stating all such changes) as if then made.

6.08 Assumption of Hotel Operating Agreement. Seller is a party to the Hotel Operating Agreement (defined below) with W Hotel Management, Inc., a Delaware corporation ("**Starwood**"), for the operation of the W Hotel in the Hotel Master Unit. The "**Hotel Operating Agreement**" consists of the following:

(i) W Austin Hotel Operating Agreement dated October 26, 2006 (the "**Original Hotel Operating Agreement**") between Stratus Block 21 Investments and Starwood Hotels & Resorts Worldwide, Inc.;

(ii) Assignment and Assumption Agreement dated July 30, 2007 (the "**Stratus Assignment**") between Stratus Block 21 Investments, as assignor, and CJUF II Stratus Block 21, LLC, as assignee, and consented to by Starwood Hotels & Resorts Worldwide, Inc.;

(iii) Assignment and Assumption Agreement dated December 19, 2007 (the "**Starwood Assignment**") between Starwood Hotels & Resorts Worldwide, Inc., as assignor, and Starwood, as assignee, and consented to by CJUF II Stratus Block 21, LLC;

(iv) First Amendment to Operating Agreement for W Austin Hotel dated January 30, 2008 (the "**First Amendment**") between CJUF II Stratus Block 21, LLC and Starwood;

(v) Second Amendment to Operating Agreement for W Austin Hotel dated May 6, 2008 (the "**Second Amendment**") between CJUF II Stratus Block 21, LLC and Starwood;

(vi) Letter Agreement dated September 8, 2010 (the "**Letter Agreement**") between CJUF II Stratus Block 21, LLC and Starwood;

(vii) Third Amendment to Operating Agreement for W Austin Hotel dated June 25, 2010 (the "**Third Amendment**") between CJUF II Stratus Block 21, LLC and Starwood;

(viii) Fourth Amendment to Operating Agreement for W Austin Hotel dated June 2, 2011 (the "**Fourth Amendment**") between CJUF II Stratus Block 21, LLC and Starwood; and

(ix) Fifth Amendment to Operating Agreement for W Austin Hotel dated June 29, 2015 (the "**Fifth Amendment**") between Seller, formerly known as CJUF II Stratus Block 21, LLC, and Starwood.

Purchaser will expeditiously make a full and complete application, together with all necessary supporting materials and documentation, to Starwood to receive an assignment of, and assume the obligations of Seller under, the Hotel Operating Agreement (the "**Hotel Operating**

Agreement Assumption Application"). Purchaser must submit a complete Hotel Operating Agreement Assumption Application, together with all applicable fees (other than any such fees that are to be paid at Closing), to Starwood on or before the date that is twenty (20) days after the Effective Date. Purchaser will, contemporaneously with submittal to Starwood, provide Seller with a copy of the Hotel Operating Agreement Assumption Application. Thereafter, Purchaser shall diligently pursue final assignment and assumption approval of the Hotel Operating Agreement from Starwood which does not change any of the terms and provisions of the Hotel Operating Agreement unless approved by Purchaser and Seller, which must provide for the release of Seller thereunder ("**Hotel Operating Agreement Assumption Approval**"). The foregoing notwithstanding, the Hotel Operating Agreement Assumption Application must not include any request to modify the existing terms and provisions of the Hotel Operating Agreement unless approved in advance, in writing by Seller. Seller acknowledges that Purchaser, in Purchaser's sole and absolute discretion, may seek to obtain any or all of the modifications and amendments to the Hotel Operating Agreement that are provided on **Exhibit W** attached hereto and made a part hereof (the "**Starwood Modifications**"), and such Starwood Modifications are hereby approved for all purposes by Seller.

Purchaser will provide Starwood with all financial statements and other documents and certificates that Starwood reasonably requests to secure the Hotel Operating Agreement Assumption Approval. Seller shall cooperate in good faith and with reasonable diligence with Purchaser's efforts to secure the Hotel Operating Agreement Assumption Approval, including, without limitation, the execution and delivery of any documents at Closing reasonably required by Starwood in order to effect the assignment and assumption of the Hotel Operating Agreement. Purchaser will be responsible, at Purchaser's sole cost and expense, to pay all charges and fees in conjunction with Purchaser's application for and assumption of the Hotel Operating Agreement. Seller will not knowingly and intentionally take any action, or omit to take any action, that would prevent, restrict or impact in any material way Purchaser's ability to take an assignment of the Hotel Operating Agreement. To the extent Seller, as the current party to the Hotel Operating Agreement, is required to pay any fees or expenses, Purchaser agrees to reimburse Seller for such fees and expenses paid by Seller upon the earlier to occur of (i) ten days after written request for payment from Seller to Purchaser with reasonable documentation of fees and expenses paid by Seller or (ii) the Closing Date provided that Seller provides Purchaser reasonable documentation of fees and expenses paid by Seller. This payment obligations survives Closing or any early termination of this Agreement. Purchaser will be responsible for and Purchaser agrees to provide to Seller a written copy of the Hotel Operating Agreement Assumption Approval (which provides for the release of Seller) within two (2) business days after it receives Hotel Operating Agreement Assumption Approval.

In the event Purchaser does not secure Hotel Operating Agreement Assumption Approval (which provides for the release of Seller and, in Purchaser's sole and absolute discretion, the Starwood Modifications), on or before the date that is fifteen (15) days prior to the Closing Deadline, then this Agreement will terminate, and Purchaser shall receive a return of the Earnest Money and thereafter neither Party shall have any further rights, remedies or obligations under this Agreement except obligations and rights that expressly survive any termination of this Agreement. If, however, Purchaser secures Hotel Operating Agreement Assumption Approval (including the Starwood Modifications) on or before the date provided in the preceding sentence, then at Closing, subject to the other terms and conditions herein, Purchaser will consummate the

assumption of the Hotel Operating Agreement and the release of Seller. (the "**Hotel Operating Agreement Assumption**"). Notwithstanding anything to the contrary contained herein, the Hotel Operating Agreement and the Hotel Operating Agreement Assumption are deemed to be Permitted Exceptions hereunder for all purposes.

Notwithstanding anything in this Section 6.08 or elsewhere in this Agreement to the contrary, (a) in lieu of assuming the Hotel Operating Agreement, Purchaser reserves the right, in its sole and absolute discretion, to cause the Hotel Operating Agreement to be terminated effective on the Closing Date as provided in Section 16.6 of the Hotel Operating Agreement, and (b) in the event that Purchaser elects to terminate the Hotel Operating Agreement as provided in clause (a) preceding, (i) all fees payable to Starwood in connection with such termination shall be paid by Purchaser, (ii) Purchaser shall provide any and all required notices pursuant to Section 16.6 of the Hotel Operating Agreement, (iii) in no event shall any such termination delay the Closing beyond the Closing Deadline, and (iv) Seller shall cooperate with Purchaser in all reasonable respects in achieving such termination of the Hotel Operating Agreement including, without limitation, in delaying the Closing as necessary in connection with such termination of the Hotel Operating Agreement (but not beyond the Closing Deadline). If Purchaser elects to terminate the Hotel Operating Agreement as herein provided, the Hotel Operating Agreement Assumption Approval shall no longer be a condition to Closing nor shall the delivery of the Starwood Estoppel.

6.09 Assumption of Goldman Loan. Seller has entered into an approximately ten (10) year loan (the "**Goldman Loan**") secured by the Property in the original principal amount of $150,000,000.00 from Goldman Sachs Mortgage Company ("**Goldman**"), as lender. The Goldman Loan is evidenced by, among other documents, the following:

(i) Loan Agreement dated January 5, 2016 (the "**Loan Agreement**") between Seller and Goldman and joined by Block 21 Service Company;

(ii) Promissory Note dated February 1, 2016 ("**Note 1**") in the original principal amount of $110,000,000.00 and Promissory Note dated February 1, 2016 ("**Note 2**") in the original principal amount of $40,000,000.00, which Note 1 and Note 2 replaced original Promissory Note dated January 5, 2016 in the original principal amount of $150,000,000.00;

(iii) Deed of Trust Assignment of Rents and Leases, Collateral Assignment of Property Agreements, Security Agreement and Financing Statement dated January 5, 2016 (the "**Deed of Trust**") executed by Seller and Block 21 Service Company and recorded under Document No. 2016001309 of the Official Public Records, Texas;

(iv) Guaranty dated January 5, 2016 (the "**Guaranty**") executed by Stratus;

(v) Guaranty of Completion dated January 5, 2016 (the "**Guaranty of Completion**") executed by Stratus; and

(vi) Environmental Indemnity dated January 5, 2016 (the "**Environmental Indemnity**") executed by Seller and Stratus.

The Loan Agreement, Note 1, Note 2, Deed of Trust, Guaranty, Guaranty of Completion, Environmental Indemnity and any and all other documents, consents, modifications, instruments, cash management agreements, and deposit account control agreements of any kind or nature executed in connection with the Goldman Loan, together with all amendments thereto, in each case that are identified above in this Section 6.09 and/or on **Exhibit Q-1** attached hereto, are collectively referred to in this Agreement as the "**Loan Documents**." Goldman has assigned the Goldman Loan to Wilmington Trust, National Association, as Trustee, on behalf of the Registered Holders of Citigroup Commercial Mortgage Securities Inc., Commercial Mortgage Pass-Through Certificates, Series 2016-GC36. Subject to compliance by the Seller with its obligations set forth herein, Purchaser will use commercially reasonable efforts to promptly apply for, and thereafter diligently seek to obtain, loan assumption approval on or before the Closing Deadline. Purchaser will, substantially contemporaneously with submittal to the loan servicer, provide Seller with a copy of the loan assumption application. Thereafter and subject to compliance by the Seller with its obligations set forth herein, Purchaser shall use commercially reasonable efforts to pursue final assumption approval of the Goldman Loan from the loan servicer that does not modify the material terms and provisions of the Loan Document except as are approved by Purchaser which must provide, subject to customary exceptions, for the release from and after the effective date thereof of Seller, as borrower under the Goldman Loan, and Stratus, as guarantor under the Goldman Loan ("**Guarantor**"), and the replacement of Guarantor with Ryman Hospitality Properties, Inc. ("**Loan Assumption Approval**"). The foregoing notwithstanding, the loan assumption application must not include any request to modify the existing terms and provisions of the Goldman Loan unless approved in advance, in writing by Seller. Purchaser will provide the loan servicer with annual and/or quarterly financial statements and other customary documents and certificates that the loan servicer reasonably requests to obtain the Loan Assumption Approval. Seller shall timely cooperate in good faith and with reasonable diligence with Purchaser's and or the loan servicer's requests in connection with obtaining the Loan Assumption Approval, including, without limitation, the execution and delivery of any documents at or prior to Closing reasonably required by the loan servicer in order to effect the Loan Assumption. Seller will not knowingly take any action, or omit to take any action, that would prevent, restrict or impact in any material way Purchaser's ability to assume the Goldman Loan. At Closing, Purchaser will receive a credit against the Purchase Price in an amount equal to the unpaid balance of the Goldman Loan, as of the Closing Date, plus accrued, but unpaid interest, fees (except as otherwise specifically provided in the immediately following paragraph) and any other amounts owed thereunder as of the Closing Date (collectively, the "**Loan Balance**"). Seller acknowledges that Purchaser, in Purchaser's sole and absolute discretion, may seek to obtain any or all of the modifications and amendments to the Loan Documents that are provided on **Exhibit X** attached hereto and made a part of (the "**Goldman Modifications**"), and such Goldman Modifications are hereby approved for all purposes by Seller.

Seller and Purchaser agree that each Party will be responsible for one-half of the fees and expenses required to be paid to the loan servicer for processing the application for the Loan Assumption Approval and obtaining the Loan Assumption Approval to the extent provided therein including the applicable loan assumption fee and fees and expenses (including mortgagee title insurance premiums and attorneys' fees) required to be paid to, or on behalf of, the loan

servicer as well as any fees charged by any consultant jointly approved and engaged by Purchaser and Seller in connection with seeking and negotiating the Loan Assumption Approval (collectively, the "**Loan Assumption Fees**"). Seller and Purchaser each agree to timely pay their respective share of the Loan Assumption Fees. To the extent a Party is required to pay, or pays more than its half of the Loan Assumption Fees, the non-paying Party agrees to reimburse the paying Party for such amounts upon the earlier to occur of (i) ten days after written request for payment from the paying Party to the non-paying Party with reasonable documentation of the fees and expenses paid or (ii) the Closing Date provided that the paying Party provides the non-paying Party reasonable documentation of the fees and expenses. The foregoing payment and reimbursement obligations survive Closing and any early termination of this Agreement. Purchaser agrees to provide to Seller a copy of the final fully executed Loan Assumption Approval within two (2) business days after it receives such final fully executed Loan Assumption Approval.

In the event Purchaser does not obtain Loan Assumption Approval (which provides for the release of Seller, as borrower, and Stratus, as guarantor, as contemplated above and, in Purchaser's sole and absolute discretion, the Goldman Modifications), on or before the business day before the Closing Deadline, then Seller shall return the Earnest Money to Purchaser on such date and, effective upon such receipt, this Agreement shall terminate and thereafter neither Party shall have any further rights, remedies or obligations under this Agreement except obligations and rights that expressly survive any termination of this Agreement. If, however, Purchaser obtains Loan Assumption Approval (including the Goldman Modifications) on or before the business day before the Closing Deadline, then at Closing, subject to the other terms and conditions herein, Purchaser will consummate the assumption of the Goldman Loan and the release of Seller and Stratus (the "**Loan Assumption**"). Notwithstanding anything to the contrary contained herein, the Loan Documents and the Loan Assumption are deemed to be Permitted Exceptions hereunder for all purposes.

6.10 Conditions to Purchaser's Obligations. Purchaser's obligations hereunder are subject to the satisfaction of the following conditions precedent:

(a) Seller shall have delivered to or for the benefit of Purchaser, on or before the Closing Date, all of the documents and other information required of Seller under Sections 5.02 and 6.07 hereof.

(b) There has been no breach of any of Seller's representations and warranties made in this Agreement that entitles the Purchaser to terminate this Agreement pursuant to Sections 6.01(f) and (g) above.

(c) Seller shall have performed in all material respects all of its covenants and other obligations under Sections 6.04 and 6.10 of this Agreement.

(d) The Title Company must unconditionally commit at Closing to issue to Purchaser the Title Policy in accordance with the Title Commitment, insuring Purchaser's title to the Property in the amount provided in Section 4.01 above, subject only to Permitted Exceptions as determined in accordance with this Agreement and including, without limitation, all applicable deletions of standard exceptions and endorsements

permitted under applicable state law which are customarily required by institutional investors purchasing property comparable to the Property.

(e) Purchaser shall not have elected, in its sole discretion, to terminate this Agreement as expressly provided elsewhere in this Agreement including, without limitation, Sections 4.04, 6.01(f), 6.01(g), 6.07(i), 6.07(ii), 6.07(iii), 6.07(iv), 6.07(v), 6.08 and 6.09.

(f) There shall not have occurred any MAC Event (defined in **Exhibit V**).

Each of the conditions contained in this Section 6.10 are intended for the benefit of Purchaser and may be waived in whole or in part, by Purchaser, but only by an instrument in writing signed by Purchaser. If any condition in this Section 6.10 is not satisfied at Closing, Purchaser may, elect to not proceed to closing and terminate this Agreement in which event the Earnest Money shall be refunded to Purchaser.

6.11 Termination of Facilities Use Agreement: Seller agrees, at Seller's sole cost and expense, to terminate the Facilities Use Agreement on or before Closing. Seller is responsible payment of the termination payment under Section 12 of the Facilities Use Agreement if applicable. The term "**Facilities Use Agreement**" means that certain Facilities Use Agreement dated effective September 19, 2011 between CJUF II Stratus Block 21 LLC and Stageside Productions LLC, as amended by First Amendment to Facilities Use Agreement dated January __, 2016.

6.12 Payments to Potential Claimants.

(a) For purposes of this Agreement, the term "**Potential Claimants**" means and includes all persons and entities providing any labor, materials and/or services pursuant to agreements with Purchaser or others acting under Purchaser with respect to the Property.

(b) Purchaser shall pay all sums owed to the Potential Claimants as and when such sums become due and payable. Seller will have no obligation to pay any such sums.

6.13 HSR Act and Related Governmental Approvals.

(a) Each of Purchaser and Seller shall use commercially reasonable efforts to obtain at the earliest practical date all consents, waivers, approvals, orders, permits, authorizations and declarations from, make all filings with, and provide all notices to, all governmental authorities which are required to consummate, or in connection with, the transactions contemplated by this Agreement and the Block 21 Service Company Contract. Without limiting the foregoing, Purchaser and the Seller shall (i) make all filings, if any, as are required of each of them or any of their respective Affiliates under the HSR Act with respect to the transactions contemplated hereby and the Block 21 Service Company Contract as promptly as practicable and, in any event, within ten (10) business days after the date of this Agreement, (ii) request early termination of the waiting period under the HSR Act, (iii) comply at the earliest practicable date with any request under the HSR Act for additional information, documents, or other materials received by each of them or any of their respective Affiliates from the U.S. Federal Trade Commission (the "**FTC**"), the Antitrust Division of the U.S. Department of Justice (the

"**Antitrust Division**") or any other governmental authority in respect of such filings or such transactions, and (iv) cooperate with each other in connection with any such filing (including, to the extent permitted by applicable law, providing copies of all such documents to the non-filing party prior to filing and considering all reasonable additions, deletions or changes suggested in connection therewith; provided, however, that no party shall be obligated to provide to any other party any portion of it or its Affiliates' HSR Act filing that is not customarily furnished to other parties in connection with HSR Act filings, and provided further that each of the Seller and Purchaser may redact and/or designate as "outside antitrust counsel only" portions of any document containing confidential/competitively sensitive information prior to providing such document to the non-filing party) and in connection with resolving any investigation or other inquiry of any of the FTC, the Antitrust Division or other governmental authority under any laws with respect to any such filing or any such transaction. The term "**HSR Approval**" means the expiration or termination of any applicable waiting period (or extension thereof) under the HSR Act contemplated by this Agreement. Each such party shall use commercially reasonable efforts to furnish to each other all information required for any application or other filing to be made pursuant to any applicable law in connection with the transactions contemplated by this Agreement and the Block 21 Service Company Contract. Each such party shall promptly inform the other party of any substantive oral communication with, and provide copies of substantive written communications with, any governmental authority regarding any such filings or any such transaction and, to the extent practicable, permit the other party to review in advance any proposed communication by such party to any governmental authority. No party shall independently participate in any formal or informal meeting with any governmental authority in respect of any such filings, investigation, or other inquiry without giving the other party prior notice of the meeting and, to the extent permitted by such governmental authority, the opportunity to attend and/or participate. Subject to applicable law, the parties shall consult and cooperate with one another in connection with the matters described in this Section 6.13, including in connection with any analyses, appearances, presentations, memoranda, briefs, arguments, opinions and proposals made or submitted by or on behalf of any party hereto relating to proceedings under the HSR Act. As used herein, "**HSR Act**" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, together with all rules and regulations promulgated thereunder.

(b) Each of Purchaser and the Seller shall use commercially reasonable efforts to resolve such objections, if any, as may be asserted by any governmental authority with respect to the transactions contemplated by this Agreement and the Block 21 Service Company Contract under any law, including the HSR Act, the Sherman Act, as amended, the Clayton Act, as amended, the Federal Trade Commission Act, as amended designed to prohibit, restrict or regulate actions having the purpose or effect of monopolization or restraint of trade (collectively, the "**Antitrust Laws**"). Each of Purchaser and the Seller shall use commercially reasonable efforts to take such action as may be required to cause the expiration of the notice periods under the HSR Act or other Antitrust Laws with respect to such transactions as promptly as possible after the execution of this Agreement. No party may extend, or take any action that would have the effect of extending, the applicable waiting period under the HSR Act without the prior written consent of the other party. Notwithstanding anything to the contrary in this Agreement, neither

Purchaser nor any of its Affiliates shall be required, in connection with the matters covered by this Section 6.13, (i) to pay any amounts (other than as set forth in Section 5.04(d)), (ii) to commence or defend any litigation, (iii) to hold separate (including by trust or otherwise) or divest any businesses, product lines or assets, (iv) to agree to any limitation on the operation or conduct of their or Block 21 Service Company's respective businesses, assets or operation or (v) to waive any of the express conditions set forth in this Agreement.

(c) Notwithstanding anything herein to the contrary, Purchaser will have the sole and exclusive right to determine whether to take any actions in connection with any demands for sale, divestiture or disposition of assets or business asserted by the Antitrust Division or the FTC in connection with antitrust matters or to defend through litigation any proceeding commenced by the Antitrust Division or the FTC in connection with the transaction contemplated hereby and by the Block 21 Service Company Contract; any such determination by Purchaser shall not affect any party's right to terminate this Agreement pursuant to any other provision of this Agreement so long as such party has up to then complied in all material respects with its obligations under this Section 6.13. Purchaser shall have the sole and exclusive right to direct and control any such litigation, negotiation or other action, with counsel of its own choosing; however – any proposing, negotiating, committing to and effecting any divestiture, license, disposition or limitation on freedom of action with regard to any businesses, product lines, interests, properties or assets of the Seller that is part of the proposed acquisition by Purchaser under this Agreement shall be subject to the consummation of the transactions contemplated by this Agreement.

(d) Neither the Seller nor any of its Affiliates shall offer, suggest, propose or negotiate, or commit to or effect any sale, divestiture, lease, license, transfer, disposition, encumbrance, restriction, impairment, limitation of freedom of operation, or hold separate of any assets, licenses, properties, operations, rights, product lines, businesses, or interests with respect to the transactions contemplated by this Agreement and the Block 21 Service Company Contract, without Purchaser's advance written consent. The Seller shall reasonably cooperate in taking any action required to be taken by any governmental authority in connection with the transactions contemplated hereby and the Block 21 Service Company Contract that is within its control and that Purchaser reasonably requests be taken so long as the effectiveness of such action is conditioned on the consummation of the transactions contemplated hereby and the Block 21 Service Company Contract; provided that the Seller shall not be required to take any actions that, individually or in the aggregate, would in the reasonable judgment of the Seller result in a negative impact on the business of the Seller if the transactions contemplated hereby are not consummated.

(e) In the event that the Parties do not achieve HSR Approval on or before the date which is fifteen (15) days prior to the Closing Deadline, then this Agreement will terminate, the Earnest Money will be refunded to Purchaser and the Parties will have no further rights or obligations hereunder other than those that expressly survive termination of this Agreement.

6.14 Notice Regarding Possible Liability for Additional Taxes. If for the current ad valorem tax year the taxable value of the Real Property is determined by a special appraisal

method that allows for appraisal thereof at less than its market value, the person to whom such property is transferred may not be allowed to qualify for that special appraisal in a subsequent tax year and such property may then be appraised at its full market value. In addition, the transfer of such property or a subsequent change in the use of such property may result in the imposition of an additional tax plus interest as a penalty for the transfer or the change in the use of such property (collectively, the "**Rollback Tax Obligations**"). The taxable value of the Real Property and the applicable method of appraisal for the current tax year is public information and may be obtained from the tax appraisal district established for the county in which the Real Property is located. Seller shall reimburse Purchaser for any Rollback Tax Obligations assessed against Seller or the Real Property. This provision will survive Closing.

6.15 Notice Regarding Title and Legal Counsel. As required by the Texas Real Estate License Act, Seller hereby advises Purchaser that Purchaser should have the abstract covering the Property examined by an attorney of Purchaser's own selection, or that Purchaser should be furnished with or obtain a policy of title insurance. By signing this Agreement, Purchaser acknowledges receipt of this notice. Purchaser and Seller further acknowledge that they have been given the opportunity to, and are hereby advised to, consult with an attorney of their choice with regard to this Agreement, the closing documents to be executed in connection herewith and the transaction contemplated by this Agreement.

VII.
Condemnation and Casualty

7.01 Condemnation. Risk of loss resulting from any condemnation, eminent domain or expropriation proceeding which is commenced prior to Closing remains with Seller until Closing. If, prior to the Closing, all or part of the Property shall be subjected to a bona fide threat of condemnation, expropriation or other proceeding, Seller shall so notify Purchaser (the "**Condemnation Notice**"), and Purchaser either may elect to (i) cancel this Agreement, in which event all parties shall be relieved and released of and from any further duties, obligations, rights or liabilities hereunder and the Earnest Money, together with all interest earned thereon, shall be returned to Purchaser, or (ii) Purchaser may declare this Agreement to remain in full force and effect and the purchase contemplated herein, subject to such damage or less any interest taken by eminent domain, expropriation or condemnation, shall be effected, and at Closing, Seller shall assign, transfer and set over to Purchaser all of the right, title and interest of Seller in and to any awards and insurance proceeds or claims that have been or that may thereafter be made for such taking. If Purchaser does not make an election within the earlier to occur of (a) five (5) business days of the date of the Condemnation Notice, or (b) the Closing Date, then Purchaser will be deemed to have elected to declare this Agreement to remain in full force and effect in accordance with option (ii) above.

7.02 Casualty.

(a) Except as provided in Sections 7.02(b) and (c) below, the obligations of Seller and Purchaser to close the sale and purchase of the Property shall not be affected by any fire or other casualty unless: (i) in the reasonable estimate of the claims adjuster for Seller's insurance carrier, the cost to repair or replace the Real Property due to the fire or other casualty equals or exceeds $5,000,000.00 ("**Material Casualty**"); (ii) Seller does not have replacement cost casualty insurance ("**Adequate Replacement Cost**

Insurance") in place adequate to cover the damage to the Real Property arising out of the casualty ("**Uninsured Casualty Damage**"); or (iii) Seller does not have rent loss insurance ("**Adequate Rent Loss Insurance**") in place adequate to cover the post-Closing rents lost as a result of the casualty ("**Uninsured Lost Rents**").

(b) Purchaser may terminate this Agreement by delivering a written notice of termination to the Seller on or before the Closing Deadline if: (i) a Material Casualty occurs; (ii) a casualty occurs which is not a Material Casualty, Seller does not have Adequate Replacement Cost Insurance in place and the Parties do not enter into a written agreement establishing an amount of money to be deducted from the Purchase Price to cover the Uninsured Casualty Damage (the "**Agreed Casualty Deduction**"); or (iii) a casualty occurs which is not a Material Casualty, Seller does not have Adequate Rent Loss Insurance in place and the Parties do not enter into a written agreement establishing an amount of money to be deducted from the Purchase Price to cover the Uninsured Lost Rents (the "**Agreed Rent Loss Deduction**").

(c) If (i) a fire or other casualty occurs at the Real Property but does not result in a Material Casualty and (1) Seller has Adequate Replacement Cost Insurance and Adequate Rent Loss Insurance in place or (2) the Parties enter into a written agreement establishing an Agreed Casualty Deduction and/or an Agreed Rent Loss Deduction (as applicable) or (ii) a Material Casualty occurs, but Purchaser does not elect to terminate this Agreement, then and in either such event, the transaction under this Agreement shall be consummated on or before the Closing Deadline pursuant to the terms and provisions of this Agreement, but the Purchase Price will be reduced by the amount of any Agreed Casualty Deduction and/or Agreed Rent Loss Deduction and, in addition, Seller will assign to Purchaser all of Seller's rights to any insurance proceeds (including all rights to rent loss coverage only for periods after Closing) which are payable to Seller, but have not yet been received by Seller, in connection with any fire or other casualty occurring at the Real Property between the Effective Date of this Agreement and the Closing Date, and Purchaser will receive a credit against the Purchase Price in the amount of any deductible under Seller's casualty insurance policy.

(d) After Closing, Seller will have no further liability or obligation to Purchaser under this Section 7.02.

VIII.
Remedies

8.01 Purchaser's Default and Seller's Remedies. If Purchaser fails or refuses to timely comply with Purchaser's obligations under this Agreement or under the Block 21 Service Company Contract or is unable to do so as the result of Purchaser's act or failure to act, or Purchaser breaches any of its representations or warranties hereunder or under the Block 21 Service Company Contract, and if Seller is not in default of any of Seller's material obligations under this Agreement and Stratus Block 21 Investments is not in default of any of its material obligations under the Block 21 Service Company Contract, then Seller may terminate this Agreement and, as Seller's sole and exclusive remedies: (a) recover or retain the Earnest Money as liquidated damages for the failure or refusal by Purchaser to close the purchase of the Property ("**Acquisition Default**"); (b) recover damages with respect to any failure by Purchaser to comply

with Purchaser's Post Termination Obligations (defined below); (c) enforce specific performance of Purchaser's Post Termination Obligations; and (d) recover from Purchaser all costs and expenses, including reasonable attorney's fees, incurred in connection with the recovery or retention of the Earnest Money and/or in connection with the enforcement of Purchaser's Post Termination Obligations or the collection of damages arising out of any violation thereof. In the event of an Acquisition Default by Purchaser, the Earnest Money will be delivered to or retained by Seller as liquidated damages, and not a penalty, in full satisfaction of Seller's claims against Purchaser with respect to the Acquisition Default only. The recovery or retention of the Earnest Money by Seller will not limit Seller's right to exercise the remedies outlined in subparts (b), (c) and (d) set out in the first sentence of this Section 8.01. Seller and Purchaser agree that it is difficult to determine the actual amount of Seller's damages arising out of an Acquisition Default by Purchaser, but the amount of the Earnest Money is a fair estimate of those damages which has been agreed to by the Parties in a sincere effort to make the damages certain. If this Agreement is terminated and Seller has a right to receive the Earnest Money, then Purchaser shall execute any and all documents required by the Title Company in order to release the Earnest Money to Seller.

8.02 Seller's Default and Purchaser's Remedies.

(a) If Seller fails or refuses to timely comply with Seller's obligations under this Agreement or any Affiliate of Seller fails or refuses to timely comply with its obligations with respect to the Block 21 Service Company Contract or is unable to do so as the result of Seller's or Seller's Affiliates act or failure to act, or Seller breaches any of its representations or warranties hereunder, or if Stratus Block 21 Investments breaches any of its representations or warranties under the Block 21 Service Company Contract, and if Purchaser is not in default of any of Purchaser's material obligations under this Agreement or under the Block 21 Service Company Contract, then, subject to Sections 6.01(f) and (g) (and any corresponding provisions of the Block 21 Service Company Contract), Purchaser may, as Purchaser's sole and exclusive remedy, either: (i) terminate this Agreement by giving Seller written notice of such election prior to or at Closing in which event this Agreement shall terminate, the Earnest Money shall be returned to Purchaser; or (ii) enforce specific performance of Seller's obligations under this Agreement if and only if Purchaser complies with all of the preconditions and requirements set out in Section 8.02(c) hereinbelow. If Seller delivers to Purchaser, at or prior to the Closing, a written notice of any breach of representation, warranty or covenant by Seller which involves matters outside of Seller's control and Purchaser elects to proceed with the Closing, then the Closing will occur without any reduction in the Purchase Price and Purchaser shall be deemed to have waived any claims Purchaser might otherwise have had against Seller with respect to any matters which are disclosed in Seller's written notice. In addition to the foregoing Purchaser may recover from Seller all costs and expenses, including reasonable attorney's fees, incurred in connection with Purchaser's enforcement of Seller's obligations under this Agreement or the recovery of the Earnest Money deposited by Purchaser under this Agreement.

(b) If this Agreement is terminated and Purchaser has a right to receive the Earnest Money, then Seller shall execute any and all documents required by the Title Company in order to release the Earnest Money to Purchaser.

(c) Notwithstanding any provision in this Agreement to the contrary, it is specifically agreed and understood that, for Purchaser to enforce specific performance of Seller's obligations under this Agreement or to place a lis pendens on the Property or otherwise encumber the Property Purchaser must (i) timely tender substantial performance under this Agreement, except to the extent such performance is frustrated by any action or failure to act by (x) Seller, (y) any other Seller Party, or, (z) if resulting from or related to the Seller default giving rise to Purchaser's effort to enforce specific performance, the Title Company, Starwood, Goldman or the loan servicer, and following such tender of substantial performance by Purchaser, Seller fails or refuses to close the transaction evidenced by this Agreement; and (ii) Purchaser institutes, within thirty (30) days after the Closing Deadline, an action in a court with jurisdiction and in the venue specified under this Agreement (the "**Court**"), seeking to enforce specific performance of Seller's obligations under this Agreement. If Purchaser satisfies the foregoing requirements, then all sums held by the Title Company shall be tendered to the Court and will be retained by the Court until all disputes between the Parties related to this Agreement have been resolved, either by final non-appealable judgment or by final binding settlement agreement between the Parties. Each Party agrees to execute and deliver such joint instructions, joint motions and other instruments as may be necessary to effectuate the transfer of the funds from the Title Company to the Court contemplated under this Section 8.02(c). PURCHASER HERBY WAIVES ALL RIGHTS WHICH PURCHASER HAS OR MAY HAVE TO ENFORCE SPECIFIC PERFORMANCE OF SELLER'S OBLIGATIONS UNDER THIS AGREEMENT AND/OR TO PLACE A LIS PENDENS ON THE PROPERTY WITHOUT SATISFYING THE REQUIREMENTS AND CONDITIONS SET OUT IN THIS SECTION 8.02(c).

(d) For purposes of this Agreement and the Block 21 Service Company Contract, the term "**Covered Matters**" means and refers to any breach of an express representation, warranty or covenant by Seller or Stratus Block 21 Investments under this Agreement or the Block 21 Service Company Contract or under any of the closing documents of either this Agreement or the Block 21 Service Company Contract which breach: (1) is in existence on the Closing Date; and (2) is not within the actual knowledge of Purchaser or disclosed by the Property Information. Notwithstanding any provision in this Agreement to the contrary, Purchaser's rights to recover damages from Seller and Stratus Block 21 Investments for a Covered Matter are subject to the following limitations, agreements and requirements:

(i) Except for the Carve Outs set forth and defined below, Purchaser will have no right to recover damages from Seller or Stratus Block 21 Investments for any breach of representation, warranty or covenant of Seller or Stratus Block 21 Investments which is not a Covered Matter. Any representation, warranty or covenant that is not either a Covered Matter, or not expressly included in any of the documents executed and delivered at Closing, will not survive Closing. All of the Covered Matters shall survive the Closing for twelve (12) months following the Closing Date, and liability for the Carve Outs shall survive the Closing for the applicable statute of limitations. Each Covered Matter shall automatically be null and void and of no further force and effect after the date which is twelve (12) months following the Closing Date unless, prior to the

end of such twelve (12) month period, Purchaser shall have given Seller written notice of such Covered Matter and Purchaser then shall have commenced a legal proceeding against Seller and/or Stratus Block 21 Investments, as applicable, on or before the date that is twenty-four (24) months following the Closing Date.

(ii) Except for the Carve Outs, Purchaser will have no right to recover damages from Seller or Stratus Block 21 Investments for any Covered Matter until damages resulting from Covered Matters (after taking into account insurance proceeds and any amounts recovered from third parties) exceed, in the aggregate, the sum of $1,375,000.00 (the "**Liability Trigger**"). Once the Liability Trigger has been met, then Purchaser may only recover damages for Covered Matters that are in excess, in the aggregate, of $500,000.00, subject, however, to the Maximum Recovery (defined below).

(iii) Except for the Carve Outs, the liability of Seller and Stratus Block 21 Investments for Purchaser's damages resulting from Covered Matters is hereby limited to $20,625,000.00 in the aggregate (the "**Maximum Recovery**"), regardless of whether any such liability arises from the actual or alleged negligent, willful or intentional acts or omissions of Seller, Seller or Stratus Block 21 Investments or any other Seller Party. Except for the Carve Outs, Purchaser hereby releases Seller and Stratus Block 21 Investments from all liabilities, obligations and claims of any kind or nature arising out of or in connection with the Covered Matters, to the extent that the same exceed the Maximum Recovery.

(iv) Notwithstanding any other provision of this Agreement or the Block 21 Service Company Contract, neither the Liability Trigger nor the Maximum Recovery limitation applies to the extent of damages or losses incurred by Purchaser from the following (collectively referred to as the "**Carve Outs**"): (1) claims for breaches of the Existence Representation, the Third Party Approval Representation or the Authority Representation, (2) claims under the Seller Broker Indemnification (defined below), (3) claims for breaches by Seller of any Seller Lease Estoppels, Seller Association Estoppels, Seller Hospitality Estoppel or Seller Shared Facilities Estoppel, as applicable, (4) Fraud (defined below), and (5) the Undisclosed Liabilities (as defined in the Block 21 Service Company Contract). The term "**Fraud**" means actual fraud involving a knowing and intentional misrepresentation by Sellers or Stratus Block 21 Service Company of a fact, or concealment of a fact, made or concealed with the intent of inducing Purchaser to enter into this Agreement or inducing Purchaser to enter into the Block 21 Service Company Contract (as opposed to any fraud claim based on constructive knowledge, negligent misrepresentation, or similar theory). The damages or losses arising from the Carve Outs will not apply toward achieving the Liability Trigger. Notwithstanding anything to the contrary set forth herein, any and all representations, warranties and covenants relating to the Carve Outs will survive for the applicable statute of limitations.

(v) In order to secure Seller's and Stratus Block 21 Investments responsibility for Covered Matters and Carve Outs, Seller will escrow the sum of

$6,875,000.00 (the "**Escrowed Funds**") at Closing with the Title Company in accordance with an escrow agreement in the form attached hereto as **Exhibit R** (the "**Escrow Agreement**"). The Escrowed Funds will be held and disbursed by Title Company in accordance with the Escrow Agreement.

(vi) The provisions of this Section 8.02(d) shall supersede and control over each and every contrary provision contained in this Agreement or in any document or certificate executed in connection with this Agreement.

8.03 Indemnification.

(a) Subject to any provisions of this Agreement expressly providing to the contrary:

(i) Except for obligations expressly assumed or agreed to be assumed by Purchaser hereunder or under the Block 21 Service Company Contract, Purchaser is not assuming any obligations of Seller to third parties or any liability for claims by third parties to the extent arising out of any act, omission or occurrence which occurs, accrues or arises prior to the Closing Date, and Seller hereby indemnifies and holds Purchaser harmless from and against any and all claims, costs, penalties, damages, losses, liabilities and expenses (including reasonable attorneys' fees) that may at any time be incurred by Purchaser as a result of (A) obligations of Seller to third parties not expressly assumed or agreed to be assumed by Purchaser hereunder or under the Block 21 Service Company Contract, or (B) acts, omissions or occurrences to the extent that they occur, accrue or arise prior to the Closing Date and result in claims by third parties. This indemnification obligation of Seller does not include damages, accrual of costs, penalties, losses and liabilities accruing after the Closing Date.

(ii) Purchaser hereby indemnifies and holds Seller harmless from and against any and all claims, costs, penalties, damages, losses, liabilities and expenses (including reasonable attorneys' fees) that may at any time be incurred by Seller as a result of (A) obligations of Seller to third parties expressly assumed or agreed to be assumed by Purchaser hereunder, or (B) acts, omissions or occurrences which result in claims by third parties to the extent that they occur, accrue or arise on or after the Closing Date.

(iii) The provisions of this Section 8.03(a) shall not be subject to the limitation on Seller's liability set forth in Section 8.02.

(b) The indemnification procedures set forth in this Section 8.03 applies to all indemnification claims by either Party hereunder, under the Block 21 Service Company Contract and any of the closing documents executed in connection with the closing under this Agreement or under the Block 21 Service Company Contract (referred to as the "**Transaction Documents**").

(i) Subject to the terms and conditions of this Agreement (including, without limitation, the limitations set forth in Section 8.02), Seller and Stratus

Block 21 Investments agree to jointly and severally defend, indemnify, and hold harmless Purchaser, its Affiliates, and their respective officers, directors, employees, agents, and representatives (collectively, the "**Purchaser Indemnitees**"), from and against all Losses (as defined on **Exhibit V**) required to be paid by any of them to the extent resulting from (A) any breach by Seller of any of the representations or warranties made by Seller in Section 6.01 of this Agreement which have not been waived by Purchaser in accordance with Article VI above; (B) any breach by Stratus Block 21 Investments of any of the representations or warranties made by Stratus Block 21 Investments in Section 6.01 of the Block 21 Service Company Contract which have not been waived by Purchaser in accordance with Article VI of the Block 21 Service Company Contract; (C) any failure by Seller or Stratus Block 21 Investments to observe or perform its covenants and agreements set forth in this Agreement or the Block 21 Service Company Contract; (D) the matters for which Seller is obligated to indemnify Purchaser in accordance with this Agreement or closing documents executed hereunder; (E) the matters for which Stratus Block 21 Service Company is obligated to indemnify Purchaser in accordance with the Block 21 Service Company Contract or closing documents executed thereunder; (F) obligations of Purchaser expressly assumed or agreed to be assumed by Seller hereunder; (G) acts, omissions or occurrences which result in claims by third parties that occur, accrue or arise prior to the Closing Date as provided in Section 8.03(a)(i) above; or (H) the breach of any and all representations, warranties and covenants relating to the Carve Outs set forth herein.

(ii) Purchaser agrees to defend, indemnify, and hold harmless Seller, Stratus Block 21 Investments, their Affiliates, and their respective officers, directors, employees, agents, and representatives (collectively, the "**Seller Indemnitees**"), from and against all Losses required to be paid by any of them to the extent resulting from (A) any representation or warranty made by Purchaser in Section 6.02 being untrue or incorrect; (B) any representation or warranty made by Purchaser in Section 6.02 of the Block 21 Service Company Contract being untrue or incorrect; (C) any failure by Seller or Purchaser to observe or perform its covenants and agreements set forth in this Agreement or the Block 21 Service Company Contract; (D) the matters for which Purchaser is obligated to indemnify Seller in accordance with this Agreement or closing documents executed hereunder; (E) the matters for which Purchaser is obligated to indemnify Purchaser in accordance with the Block 21 Service Company Contract or closing documents executed thereunder; (F) obligations of Seller expressly assumed or agreed to be assumed by Purchaser hereunder; or (G) acts, omissions or occurrences which result in claims by third parties that occur, accrue or arise on or after the Closing Date as provided in Section 8.03(a)(ii) above.

(iii) In the case of any claim asserted by a third party against a party entitled to indemnification under the Transaction Documents (the "**Indemnified Party**"), written notice shall be given by the Indemnified Party to the party required to provide indemnification (the "**Indemnifying Party**") as soon as practicable after such Indemnified Party has actual knowledge of any claim or demand as to which indemnity may be sought, and the Indemnified Party shall

permit the Indemnifying Party (at the expense of such Indemnifying Party) to assume the defense of any third-party claim (so long as the Indemnifying Party shall have acknowledged in writing to the Indemnified Party its unqualified obligation to indemnify the Indemnified Party as provided hereunder) or any litigation with a third party resulting therefrom; provided, however, that (A) the counsel for the Indemnifying Party who shall conduct the defense of such claim or litigation shall be subject to the approval of the Indemnified Party (which approval shall not be unreasonably withheld, delayed or conditioned), (B) the Indemnified Party may participate in (but not control) such defense at such Indemnified Party's expense, and (C) the failure by any Indemnified Party to give written notice as provided herein shall not relieve the Indemnifying Party of its indemnification obligation under the Transaction Documents except and only to the extent that such Indemnifying Party is prejudiced by such failure to give written notice. Except with the prior consent of the Indemnified Party, no Indemnifying Party, in the defense of any such claim or litigation, shall consent to entry of any judgment or enter into any settlement that provides for injunctive or other nonmonetary relief affecting the Indemnified Party or that does not include as an unconditional term thereof the giving by each claimant or plaintiff to such Indemnified Party of a release from all liability with respect to such claim or litigation. If the Indemnifying Party does not accept the defense of any matter as above provided within thirty (30) days after receipt of the written notice from the Indemnified Party described above or does not diligently pursue such defense, then the Indemnified Party shall have the full right to take over and defend against any such claim or demand, at the sole cost of the Indemnifying Party to the extent that the Indemnifying Party is required to indemnify the Indemnified Party under the Transaction Documents for such claim or demand. If the Indemnified Party shall reasonably and in good faith determine that (1), if proven, (x) any such matter would reasonably be expected to expose the Indemnified Party to criminal liability, or (y) that an adverse determination with respect to such matter would reasonably be expected to materially and adversely impact the ability of Purchaser to conduct its business; (2) the Indemnified Party would reasonably be expected to have available to it one or more defenses or counterclaims that are inconsistent with one or more of those that may be available to the Indemnifying Party in respect of such matter; (3) the representation of the Indemnified Party and the Indemnifying Party by a single counsel would otherwise give rise to a conflict of interest such that joint representation would be inappropriate; (4) any provision of this Agreement would serve to limit the obligation of the Indemnifying Party to fully indemnify the Indemnified Party for the full amount of any Losses which would be reasonably anticipated to result from any third party matter where it successful; or (5) the Indemnifying Party does not demonstrate to the reasonable satisfaction of the Indemnified Party the Indemnifying Party has the financial wherewithal (including as a result of any Escrowed Funds) to fully indemnify the Indemnified Party for the full amount of any Losses which would be reasonably anticipated to result from any such third party matter were it successful, then the Indemnified Party shall have the full right to take over and defend against any such claim or demand at the sole cost of the Indemnifying Party to the extent that the Indemnifying Party is required to indemnify the Indemnified Party under the Transaction Documents for such claim or demand. If the Indemnified Party

defends any such third party matter, then the Indemnifying Party shall, subject to the provisions of Section 8.02(d)(ii) regarding the Liability Trigger and related provisions, if applicable, reimburse the Indemnified Party for the costs and expenses of defending such matter upon submission of periodic bills. The Indemnified Party shall not settle such claim or litigation without the consent of the Indemnifying Party, such consent not to be unreasonably withheld, delayed or conditioned. Except with the prior consent of the Indemnifying Party, no Indemnified Party, in the defense of any such claim or litigation, shall consent to entry of any judgment or enter into any settlement that provides for injunctive or other nonmonetary relief affecting the Indemnifying Party or, if an Indemnifying Party was named or overtly threatened to be named in a proceeding, that does not include as an unconditional term thereof the giving by each claimant or plaintiff to such Indemnifying Party of a release from all liability with respect to such claim or litigation. In any event, the Indemnifying Party and the Indemnified Party shall reasonably cooperate in the defense of any claim or litigation subject to this Section 8.03(b) and the records of each shall be reasonably available to the other with respect to such defense.

(iv) With respect to any claim for indemnification under the Transaction Documents which does not involve a third-party claim, the Indemnified Party will give the Indemnifying Party written notice of such claim setting forth, to the extent known by the Indemnified Party at the time of the notice, in reasonable detail (A) the facts and circumstances giving rise to such claim for indemnification, (B) a reference to the provisions of the Transaction Documents in respect of which such Losses have been incurred or expected to be incurred, and (C) the amount of Losses actually incurred and, to the extent the Losses have not yet been incurred, a good faith estimate of the amount of Losses that could reasonably be expected to be incurred, provided, however, that the failure of any Indemnified Party to give any details in such written notice as provided herein shall not relieve the Indemnifying Party of its indemnification obligation under the Transaction Documents except and only to the extent that such Indemnifying Party is materially prejudiced by such failure to provide such detail(s) in the written notice.

The Indemnifying Party may acknowledge and agree by written notice to the Indemnified Party in writing to satisfy such non-third party claim within thirty (30) days of receipt of written notice of such claim from the Indemnified Party. If the Indemnifying Party shall dispute such claim, the Indemnifying Party shall provide written notice of such dispute to the Indemnified Party within such 30-day period, setting forth in reasonable detail the basis of such dispute. Upon receipt of written notice of any such dispute, the Indemnified Party and the Indemnifying Party shall use reasonable efforts to resolve such dispute within thirty (30) days of the date such written notice of dispute is received. If the Indemnifying Party shall fail to provide written notice to the Indemnified Party within thirty (30) days of receipt of written notice from the Indemnified Party that the Indemnifying Party either acknowledges and agrees to pay such claim or disputes such claim, the Indemnifying Party shall be deemed to have

acknowledged and agreed to pay such claim in full and to have waived any right to dispute such claim. Once (1) the Indemnifying Party has acknowledged and agreed (or has been deemed to have acknowledged and agreed) to pay any claim pursuant to this Section 8.03(b), (2) any dispute under this Section 8.03(b) has been resolved in favor of indemnification by mutual agreement of the Indemnifying Party and the Indemnified Party, or (3) any dispute under this Section 8.03(b) has been finally resolved in favor of indemnification by a final and non-appealable order of a court of competent jurisdiction or other tribunal having jurisdiction over such dispute, then, within thirty (30) days of the date of acknowledgement by the Indemnifying Party or final resolution in favor of indemnification, as the case may be, the Indemnifying Party shall pay the amount of such claim to the Indemnified Party to such account and in such manner as is designated in writing by the Indemnified Party.

(v) For so long as any portion of the Escrow Funds remains in escrow with the Escrow Agent pursuant to the terms of the Escrow Agreement, prior to seeking to recover damages in a direct action against Seller or Status Block 21 Investments with respect to any Losses recoverable from Seller or Stratus Block 21 Investments in accordance with this Agreement, Purchaser shall seek recourse against the Escrow Funds pursuant to the Escrow Agreement.

(vi) Each Indemnified Party will use commercially reasonable efforts to (A) tender all matters that are reasonably likely to give rise to a claim for indemnification under the Transaction Documents and which are covered by insurance to the applicable insurance companies under the applicable insurance policies maintained by the Indemnified Party, and (B) to mitigate the Losses incurred by the Indemnified Party with regard to all matters that are reasonably likely to give rise to a claim for indemnification under the Transaction Documents. In addition, the Indemnified Party agrees to reasonably cooperate with the Indemnifying Party in pursuing claims against third parties who may be responsible for all or a portion of the Losses giving rise to a claim for indemnification against Indemnifying Party pursuant to the Transaction Documents. The amount of any Losses recoverable by an Indemnified Party under this Agreement shall exclude the amount of any insurance recovery and any recovery against a third party.

(vii) All indemnification payments made by Seller or Stratus Block 21 Investments under this Agreement or the Block 21 Service Company Contract to the extent permitted by Applicable Law shall be treated by the Parties as an adjustment to the Purchase Price for purposes of Taxes.

8.04 Notice and Opportunity to Cure. For purposes of this Agreement, the term "**Non-Curable Default**" shall mean and refer to: (a) any failure by Purchaser to deliver the Earnest Money on a timely basis as required under this Agreement; and/or (b) any failure by either Party to deliver to the Title Company, on or before the Closing Deadline, all funds, documents and other items necessary to close the transaction under this Agreement. In the event of any breach of any representation, warranty or covenant by either Party or any other default (other than a Non-Curable Default) by either Party (the breaching or defaulting Party being referred to herein

as the "**Defaulting Party**") the other Party (the "**Non-Defaulting Party**") will not exercise any of such Non-Defaulting Party's rights or remedies under this Agreement until and unless the Non-Defaulting Party has provided to the Defaulting Party a written notice of the breaches or defaults of the Defaulting Party (the "**Default Notice**") and the Defaulting Party has failed to remedy or cure the breaches or defaults specified in the Default Notice within fifteen (15) days after the date of the Non-Defaulting Party's delivery of the Default Notice. In the event of any Non-Curable Default by the Defaulting Party, the Non-Defaulting Party may, at its option and election, afford notice and opportunity to cure to the Defaulting Party, but it is expressly agreed and understood that the Non-Defaulting Party has no duty to afford any such notice or opportunity to cure to the Defaulting Party. Rather, the Non-Defaulting Party may, if the Non-Defaulting Party so elects, exercise any right or remedy which the Non-Defaulting Party may have with respect to any Non-Curable Default, without necessity of providing to the Defaulting Party any notice or opportunity to cure. Further, in the event of any failure of a condition precedent to the obligations of a Party under this Agreement, such Party will not exercise any of its rights or remedies under this Agreement until and unless such Party has provided to the other Party a written notice of the failure of condition precedent and the other Party has failed to satisfy the condition precedent within fifteen (15) days after the date of delivery of such notice to the other Party.

8.05 Purchaser's Post Termination Obligations. If this Agreement is terminated for any reason (either by Purchaser or by Seller), then Purchaser shall: (a) restore the Real Property to the condition which existed prior to any inspections, tests or other activities of Purchaser and/or any of the Purchaser Parties; (b) pay to Seller the full amount of the Independent Contract Consideration (to the extent and only to the extent that the same has not been previously delivered by Purchaser to Seller); (c) remove all liens against the Property which have arisen due to any activities of Purchaser or any of the Purchaser Parties; (d) satisfy all of Purchaser's obligations under Sections 3.03, 3.04, 3.05, 6.05, and 6.12 of this Agreement and compensate Seller for all damages arising out of any breach or default by Purchaser with respect to those obligations; and (e) reimburse Seller for all expenses, costs and liabilities of any kind or nature (including without limitation attorneys' fees and court costs) incurred by Seller in connection with the enforcement of any of the obligations of Purchaser under this Section 8.05 and/or in connection with the performance by Seller of any of the obligations of Purchaser under this Section 8.05. All of the obligations of Purchaser under the immediately preceding sentence are referred to in this Agreement collectively as the "**Post Termination Obligations**". Notwithstanding any provision in this Agreement to the contrary, the Post Termination Obligations shall survive any termination of this Agreement, and the Post Termination Obligations shall not (regardless of any liquidated damages provisions in this Agreement) be deemed to be satisfied in whole or in part by the delivery to Seller of all or any portion of the Earnest Money.

8.06 Disposition of the Earnest Money.

(a) Notwithstanding any provision in this Agreement to the contrary, the provisions in this Agreement relating to the Earnest Money shall survive any termination of this Agreement.

(b) If the sale and purchase of the Property is consummated under the terms and provisions of this Agreement, then the Earnest Money will be credited and applied against the cash sums which are payable by Purchaser at the Closing.

(c) If this Agreement is terminated under the terms and provisions of Sections 4.04, 6.01(f), 6.081(g), 6.07, 6.08, 6.09, 6.13, 7.01 or 7.02 of this Agreement, the Earnest Money will be promptly disbursed to Purchaser.

(d) If Seller terminates this Agreement under the terms and provisions of Section 8.01 of this Agreement, then the Earnest Money will be retained by and/or promptly disbursed to Seller after such termination.

(e) If Purchaser terminates this Agreement under the terms and provisions of Section 8.02 of this Agreement, then the Earnest Money will be retained by and/or promptly disbursed to Purchaser after such termination.

8.07 WAIVER OF JURY TRIAL. THE PARTIES BOTH HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ALL OF THEIR RESPECTIVE RIGHTS TO TRIAL BY JURY WITH RESPECT TO ANY AND ALL DISPUTES OF ANY KIND OR NATURE WHICH ARE BASED ON OR WHICH ARISE OUT OF OR IN CONNECTION WITH: (A) THIS AGREEMENT; OR (B) ANY DOCUMENT, INSTRUMENT OR OTHER AGREEMENT WHICH IS EXECUTED OR IS CONTEMPLATED TO BE EXECUTED IN CONNECTION WITH THIS AGREEMENT; OR (C) ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENT (WHETHER VERBAL OR WRITTEN) OR ACTION OF EITHER PARTY WHICH RELATES TO, CONCERNS OR ARISES OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR ANY DOCUMENT, INSTRUMENT OR OTHER AGREEMENT EXECUTED OR CONTEMPLATED TO BE EXECUTED IN CONNECTION WITH THIS AGREEMENT. THE FOREGOING WAIVER SHALL APPLY TO ANY AND ALL LITIGATION OF ANY KIND OR NATURE, WHETHER IN CONTRACT OR TORT, AT LAW OR IN EQUITY, AND WHETHER RELATED TO ANY DIRECT CLAIM, COUNTERCLAIM, CROSS CLAIM OR THIRD PARTY CLAIM. EACH PARTY CERTIFIES TO THE OTHER PARTY THAT NO REPRESENTATIVE, AGENT OR COUNSEL OF THE OTHER PARTY HAS REPRESENTED, EXPRESSLY OR IMPLICITLY, TO SUCH PARTY THAT THE OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THIS WAIVER. NO REPRESENTATIVE, AGENT OR COUNSEL OF EITHER PARTY HAS THE AUTHORITY TO WAIVE, CONDITION OR MODIFY THIS WAIVER OF JURY TRIAL. EITHER PARTY MAY FILE A COPY OF THIS SECTION 8.07 WITH ANY COURT AS CONCLUSIVE EVIDENCE THAT BOTH PARTIES HAVE WAIVED THEIR RIGHTS TO TRIAL BY JURY. THIS WAIVER OF JURY TRIAL IS A MATERIAL INDUCEMENT FOR THE PARTIES TO ENTER INTO THIS AGREEMENT.

8.08 Enforcement Costs. In the event of any dispute between the Parties arising out of or in connection with this Agreement, the prevailing Party in such dispute shall be entitled to recover from the non-prevailing Party all of the prevailing Party's costs and expenses in connection with such dispute, including without limitation court costs, expert witness fees and reasonable attorney's fees.

8.09 Special Damages. ANYTHING IN THIS AGREEMENT OR BLOCK 21 SERVICE COMPANY CONTRACT TO THE CONTRARY NOTWITHSTANDING, SELLER, STRATUS BLOCK 21 INVESTMENTS, AND PURCHASER HEREBY EXPRESSLY WAIVE, RELEASE, AND RELINQUISH ALL CLAIMS, DAMAGES AND

ACTIONS FOR, AND AGREE THAT EACH OTHER PARTY SHALL NOT BE LIABLE FOR, ANY SPECIAL, CONSEQUENTIAL, PUNITIVE, OR OTHER SIMILAR-TYPE DAMAGES BY REASON OR IN CONSEQUENCE OF ITS DEFAULT HEREUNDER OR UNDER ANY OF THE CLOSING DOCUMENTS EXECUTED AT CLOSING.

8.10 Survival. The provisions of this Article VIII shall survive the Closing or any termination of this Agreement.

IX.
Notices

9.01 Delivery of Notices. Any notice, communication, request, reply or advice (severally and collectively referred to as "**Notice**") in this Agreement provided or permitted to be given, made or accepted by either Party to the other must be in writing. Notice may, unless otherwise provided herein, be given or served: (a) by depositing the same in the United States Mail, certified, with return receipt requested, addressed to the Party to be notified and with all charges prepaid; or (b) by depositing the same with Federal Express or another service guaranteeing "next day delivery", addressed to the Party to be notified and with all charges prepaid; or (c) by delivering the same to such Party, or an agent of such Party by telecopy, by electronic email, or by hand delivery. Notice deposited in the United States mail in the manner hereinabove described shall be deemed effective from and after the earlier of the date of actual receipt or three (3) days after the date of such deposit. Notice given in any other manner shall be effective only if and when received by the Party to be notified. For the purposes of notice, the addresses of the Parties shall, until changed as provided below, be as follows:

Seller: STRATUS BLOCK 21, L.L.C.
212 Lavaca Street, Suite 300
Austin, Texas 78701
Attn: William H. Armstrong, III
Telephone No. [intentionally omitted]
Facsimile No. [intentionally omitted]
E-mail: [intentionally omitted]

With required copy to:
Armbrust & Brown, PLLC
100 Congress Avenue, Suite 1300
Austin, Texas 78701
Attn: Kenneth Jones
Telephone No.: [intentionally omitted]
Facsimile No.: [intentionally omitted]
E-mail: [intentionally omitted]

Purchaser: Ryman Hospitality Properties, Inc.
One Gaylord Drive
Nashville, Tennessee 37214
Attn: Mark Fioravanti
Telephone: [intentionally omitted]
Email: [intentionally omitted]

With copies to: Ryman Hospitality Properties, Inc.

One Gaylord Drive
Nashville, Tennessee 37214
Attn: Scott Lynn
Telephone: [intentionally omitted]
Email: [intentionally omitted]

And Foley Gardere
2021 McKinney Avenue, Suite 1600
Dallas, Texas 75201
Attn: Clifford J. Risman
Telephone: [intentionally omitted]
Email: [intentionally omitted]

The Parties hereto shall have the right from time to time to change their respective addresses, and each shall have the right to specify as its address any other address within the United States of America by at least five (5) days written notice to the other Party. Notwithstanding the foregoing or any other provision in this Agreement to the contrary, however: (i) Seller may furnish any Property Information to Purchaser by sending such information to a representative of Purchaser via electronic mail or by providing Purchaser with information pursuant to which Purchaser may access the Property Information via any website or other form of file sharing arrangement established by Seller; and (ii) the Title Commitment, the Title Review Documents, the Existing Survey and all updates thereto may be delivered to Purchaser by the Title Company sending those items to a representative of Purchaser via electronic mail or by providing Purchaser with information pursuant to which Purchaser may access those items via any website or other form of file sharing arrangement established by the Title Company. Seller is not required to deliver the Property Information, the Title Commitment, the Title Review Documents, the Existing Survey, or any updates to any of the foregoing to Purchaser pursuant to the notice provisions set out above.

X.
Real Estate Commissions

10.01 Real Estate Commissions.

(a) Seller and Purchaser each represents and warrants to the other that there are no real estate sales or broker fees or commissions payable to any person or entity in connection with the transaction evidenced by this Agreement. Seller and Purchaser agree to hold harmless, defend, and indemnify each other from any and all claims, suits, liabilities, losses, costs, and expenses (including reasonable attorneys' fees and court costs) resulting from any claims made by any broker, agent, finder, or salesman for any real estate sales commission or other compensation, reimbursement or payment of any kind or nature which is alleged to be owed based upon an agreement with the indemnifying party.

(b) The obligations of the Parties contained in this Section 10.01 shall survive the Closing or any termination of this Agreement.

XI.
Miscellaneous Provisions

11.01 Survival of Covenants. The obligations, representations, warranties, covenants and agreements of the Parties set out in this Agreement shall only survive the Closing to the extent so provided in this Agreement.

11.02 Entire Agreement. This Agreement, the Block 21 Service Company Contract, and any other agreements between the Parties expressly referenced herein contain the entire agreement of the Parties hereto and supersedes any prior agreement regarding the Property and all prior discussions, outlines, letters of intent and understandings of the Parties. There are no other agreements, oral or written, between the Parties regarding the Property and this Agreement can be amended only by written agreement signed by the Parties hereto, and by reference made a part hereof.

11.03 Binding Effect. This Agreement, and the terms, covenants, and conditions herein contained, shall be covenants running with the land and shall inure to the benefit of and be binding upon the heirs, personal representatives, successors, and assigns of each of the Parties hereto.

11.04 Effective Date. The Effective Date of this Agreement and other similar references herein are deemed to refer to the date on which this Agreement has been executed by both Seller and Purchaser.

11.05 Time. Time is of the essence in all things pertaining to the performance of this Agreement, including without limitation all dates, deadlines and periods of time referred to in this Agreement. All references in this Agreement to specific times shall mean and refer to local time in Austin, Texas.

11.06 Business Days. For purposes of this Agreement, the term "**business day**" or "**business days**" shall mean and refer to all calendar days, other than Saturdays, Sundays and days on which the U.S. Federal Reserve Bank of Dallas is closed. If any deadline set forth in this Agreement falls on a day which is not a business day or if any period of time provided for in this Agreement ends on a day which is not a business day, then the applicable deadline or period shall be extended to the first succeeding day which is a business day.

11.07 Assignment. Purchaser may assign Purchaser's rights under this Agreement to one or more entities, each of which is an Affiliate (hereinafter defined) of Purchaser (each a "**Permitted Assignee**") if and only if: (i) Purchaser gives Seller prior written notice of the assignment; (ii) the Permitted Assignee specifically assumes all obligations of Purchaser under this Agreement as if such Permitted Assignee were the original Purchaser hereunder, (iii) such assignment does not relieve Purchaser of its obligations hereunder; and (iv) such assignment does not conflict with or delay the Loan Assumption or the Hotel Operating Agreement Assumption. Otherwise, this Agreement may not be assigned by the Purchaser without the written consent of Seller. For purposes of this Agreement, the term "**Affiliate**" means an entity controlled by, controlling or under common control with Purchaser.

11.08 Severability. If any provision of this Agreement is illegal, invalid, or unenforceable under present or future laws, then, and in that event, it is the intention of the

Parties hereto that the remainder of this Agreement shall not be affected thereby, and it is also the intention of the Parties to this Agreement that in lieu of each provision of this Agreement that is illegal, invalid, or unenforceable, there be added as a part of this Agreement a provision as similar in terms to such illegal, invalid, or unenforceable provision as may be possible, and be legal, valid, and enforceable.

11.09 Waiver. Any failure by a Party hereto to insist, or any election by a Party hereto not to insist, upon strict performance by the other Party of any of the terms, provisions, or conditions of this Agreement shall not be deemed to be a waiver thereof or of any other term, provision, or condition hereof, and such Party shall have the right at any time or times thereafter to insist upon strict performance of any and all of the terms, provisions, and conditions hereof.

11.10 Applicable Law and Venue. The construction and validity of this Agreement shall be governed by the laws of the State of Texas. Venue shall be in a court of appropriate jurisdiction in Travis County, Texas.

11.11 Article and Section Headings. The article and section headings contained in this Agreement are for convenience only and shall in no way enlarge or limit the scope or meaning of the various and several provisions therein.

11.12 Grammatical Construction. Wherever appropriate, the masculine gender may include the feminine or neuter, and the singular may include the plural, and vice versa.

11.13 No Recordation. Seller and Purchaser hereby acknowledge that neither this Agreement nor any memorandum, affidavit or other instrument evidencing this Agreement or relating hereto (other than the closing documents contemplated hereunder) shall ever be recorded in the Real Property Records of Travis County, Texas, or in any other public records. Should Purchaser ever record or attempt to record any such instrument, then, notwithstanding any provision herein to the contrary, such recordation or attempted recordation shall constitute a default by Purchaser hereunder, and, in addition to the other remedies provided for herein: (i) Purchaser shall be personally liable to Seller for any damages incurred by Seller as a result of such recordation or attempted recordation, together with all attorney's fees and other costs and expenses of any kind or nature incurred by Seller as a result of such recordation or attempted recordation; and (ii) Seller shall have the express right to terminate this Agreement by filing a notice of said termination in the Real Property Records of Travis County, Texas.

11.14 Force Majeure. If either Party is delayed or prevented from performing any of its obligations under this Agreement (other than the obligation to pay any sum of money and the obligation to consummate the Closing) by reason of strikes, lockouts, labor troubles, work stoppages, shortages of materials, transportation delays, failure of power, riots, insurrections, war, acts of God, floods, storms, weather (including delays due to rain or wet ground), fire or other casualty, or any other cause beyond such Party's control (other than third party consents or approvals), the period of such event, plus the period of delay caused by such event, shall be deemed to be added to the time period herein provided for the performance any such obligation by the applicable Party.

11.15 Confidentiality. Reference is made to that certain Confidentiality and Nondisclosure Agreement dated April 9, 2021 between Seller and Purchaser, (the "**Existing**

Confidentiality Agreement"). The Parties hereby ratify the terms and conditions of the Existing Confidentiality Agreement and agree that the Confidentiality Agreement remains in full force and effect. In addition, each of Purchaser and Seller agree that the existence of this Agreement and the terms and provisions of this Agreement (collectively, the "**Confidential Information**") shall be kept confidential, and neither Purchaser nor Seller will disclose the Confidential Information to any person or entity other than: (a) the Title Company; (b) any employee, attorney, auditor, investor, partners, consultants, Affiliates, or agent of Purchaser who is actively assisting Purchaser in Purchaser's proposed acquisition of the Property under this Agreement; (c) any employee, attorney, auditor, investor, partners, consultants, Affiliates, sources of financing or equity, or agent of Seller who is actively assisting Seller with regard to Seller's sale of the Property under this Agreement; (d) the loan servicer in applying for and processing the Goldman Loan Assumption and any parties assisting the loan servicer in that regard; (e) Starwood in applying for and processing the Hotel Operating Agreement Assumption and any parties assisting Starwood in that regard; (f) any person or entity to whom disclosure is required by law, court order or other similar requirement; or (g) any disclosure by Seller or Seller's Affiliates or Purchaser or Purchaser's Affiliates which are required by virtue of its status as a publicly traded company, and any disclosure permitted by the following paragraph. The term Confidential Information will not include information which is or becomes generally available to the public other than as a result of a disclosure in violation of this Section 11.15.

Both Parties acknowledge that either or both Parties, or their respective Affiliates, may be required to report the Parties' entry into this Agreement and the Block 21 Service Company Contract in their filings with the U.S. Securities and Exchange Commission, and that copies of this Agreement and the Block 21 Service Company Contract, and/or a summary of the terms thereof, will be filed publicly, unless otherwise determined by both Parties. Seller and Purchaser that they will cooperate with each other in issuing one or more separate or joint press releases with regard to this Agreement and/or the Block 21 Service Company Contract. Unless jointly approved by both Parties, such approval not to be unreasonably withheld, no Party will issue a press release regarding this Agreement and/or the Block 21 Service Company Contract prior to Closing hereunder. The Parties will afford one another a reasonable opportunity to review and comment on any permitted public disclosure regarding this Agreement and/or the Block 21 Service Company Contract in advance of disclosure by the disclosing Party.

The terms and provisions of this Section 11.15 will terminate upon the Closing.

11.16 Exculpation. Notwithstanding any provision in this Agreement to the contrary, it is agreed and understood that Purchaser shall look solely to the assets of Seller and Stratus Block 21 Investments in the event of any breach or default by Seller under this Agreement or any breach or default by Stratus Block 21 Investments under the Block 21 Service Company Contract, and not to the assets of: (a) any person or entity which is a partner in Stratus Block 21 Investments, or which otherwise owns or holds any ownership interest in Stratus Block 21 Investments, directly or indirectly (each such partner or other holder or owner of any interest in Stratus Block 21 Investments being referred to herein as a "**Subtier Owner**"); (b) any person or entity which is a member, manager or partner in or otherwise owns or holds any ownership interest in any Subtier Owner, whether directly or indirectly; (c) any person or entity serving as an officer, director, employee or otherwise for or in Seller or Stratus Block 21 Investments; or (d) any person or entity serving as an officer, director, employee or otherwise for or in any

Subtier Owner. This Agreement is executed by one or more persons (the "**Signatories**", whether one or more) of Seller and Stratus Block 21 Investments solely in their capacities as representatives of the Seller, Stratus Block 21 Investments or a Subtier Owner and not in their own individual capacities. Purchaser hereby releases and relinquishes the Signatories from any and all personal liability for any matters or claims of any kind which arise under or in connection with or as a result of this Agreement. The foregoing release of liability shall be effective with respect to and shall apply to all claims against any members, managers and partners of any Subtier Owner regardless of whether such claims arise as a result of any liability which the Signatories may have as members, managers or partners of the Seller, Stratus Block 21 Investments or any Subtier Owner, or otherwise.

11.17 Execution. To facilitate execution: (a) this Agreement may be executed in any number of counterparts as may be convenient or necessary; (b) it shall not be necessary that the signatures of all Parties be contained in any one counterpart; (c) the signature pages taken from separate individually executed counterparts of this instrument may be combined to form multiple fully executed counterparts; and (d) a facsimile signature or a signature sent by electronic mail shall be deemed to be an original signature for all purposes. All executed counterparts of this instrument shall be deemed to be originals, but all such counterparts, when taken together, shall constitute one and the same agreement.

EXECUTED by Seller and Purchaser on the counterpart signature pages attached to this Agreement.

COUNTERPART SIGNATURE PAGE FOR ATTACHMENT TO AGREEMENT OF SALE AND PURCHASE BY AND BETWEEN STRATUS BLOCK 21, L.L.C., AS "SELLER"
AND RYMAN HOSPITALITY PROPERTIES, INC., AS "PURCHASER"

Executed by the undersigned on the date or dates set out hereinbelow.

SELLER:
STRATUS BLOCK 21, L.L.C.,
a Delaware limited liability company
By: STRATUS BLOCK 21 MANAGER, L.L.C.,
a Texas limited liability company,
its Manager
By: /s/ Erin D. Pickens
Name: Erin D. Pickens
Title: Senior Vice President

Date: October 26, 2021

COUNTERPART SIGNATURE PAGE FOR ATTACHMENT TO AGREEMENT OF SALE AND PURCHASE BY AND BETWEEN STRATUS BLOCK 21, L.L.C. AS "SELLER"
AND RYMAN HOSPITALITY PROPERTIES, INC., AS "PURCHASER"

Executed by the undersigned on the date or dates set out hereinbelow.

PURCHASER: **RYMAN HOSPITALITY PROPERTIES, INC.**,
a Delaware corporation

By: /s/ Colin Reed
Printed Name: Colin Reed
Title: Chairman and CEO

Date: 26th October 2021

COUNTERPART SIGNATURE PAGE FOR ATTACHMENT TO AGREEMENT OF SALE AND PURCHASE BY AND BETWEEN STRATUS BLOCK 21, L.L.C., AS "SELLER"
AND RYMAN HOSPITALITY PROPERTIES, INC., AS "PURCHASER"

JOINDER OF STRATUS BLOCK 21 INVESTMENTS, L.P.

Stratus Block 21 Investments is joining in the execution of this Agreement for the limited purpose of (i) consenting hereto, (ii) agreeing to the terms and provisions of Section 2.01, Section 8.02(d) and Section 8.03, and (iii) agreeing to enter into the Escrow Agreement at Closing.

Executed by the undersigned on the date or dates set out hereinbelow.

STRATUS BLOCK 21 INVESTMENTS, L.P.,
a Texas limited partnership
By: STRATUS BLOCK 21 INVESTMENTS GP, L.L.C.,
a Texas limited liability company,
its General Partner
By: /s/ Erin D. Pickens
Name: Erin D. Pickens
Title: Senior Vice President

Date: October 26, 2021

WAIVER OF DECEPTIVE TRADE PRACTICES ACT

TO THE MAXIMUM EXTENT NOT PROHIBITED BY LAW, EACH OF SELLER AND PURCHASER HEREBY WAIVES ALL OF THE PROVISIONS OF THE TEXAS DECEPTIVE TRADE PRACTICES-CONSUMER PROTECTION ACT (THE TEXAS BUSINESS AND COMMERCE CODE; SECTION 17.41, ET SEQ.), SAVE AND EXCEPT THE PROVISIONS OF SECTION 17.555 OF THE TEXAS BUSINESS AND COMMERCE CODE. EACH OF SELLER AND PURCHASER WARRANTS AND REPRESENTS TO THE OTHER THAT (A) IT IS NOT IN A SIGNIFICANTLY DISPARATE BARGAINING POSITION AS TO ANY PROVISION OF THIS AGREEMENT OR AS TO ANY MANNER CONTAINED HEREIN, (B) IT IS A SOPHISTICATED ENTITY AND (C) IT IS REPRESENTED BY LEGAL COUNSEL OF ITS OWN CHOOSING IN NEGOTIATING THE TERMS OF THIS AGREEMENT. FURTHER, THE CONSIDERATION FOR THE PURCHASE OF THE PROPERTY IS IN EXCESS OF FIVE HUNDRED THOUSAND AND NO/100 DOLLARS ($500,000.00). THIS WAIVER IS MADE KNOWINGLY.

PURCHASER: **RYMAN HOSPITALITY PROPERTIES, INC.**,
a Delaware corporation

By: /s/ Colin Reed
Printed Name: Colin Reed
Title: Chairman and CEO

Date: 26 October 2021

SELLER: **STRATUS BLOCK 21, L.L.C.**,
a Delaware limited liability company
By: STRATUS BLOCK 21 MANAGER, L..L.C.,
a Texas limited liability company,
its Manager

By: /s/ Erin Pickens
Name: Erin D. Pickens
Title: Senior Vice President

Date: October 26, 2021

TITLE COMPANY RECEIPT

Heritage Title Company of Austin, Inc. acknowledges receipt of this Agreement, executed and, if needed, initialed, by both Seller and Purchaser this 26 day of October, 2021.

HERITAGE TITLE COMPANY OF AUSTIN, INC.

By: /s/ Amy Love Fisher
Printed Name: Amy Love Fisher
Title: Senior Vice President

LIST OF EXHIBITS
TO
Agreement of Sale and Purchase
By and Between
Stratus Block 21, L.L.C., as Seller, and
Ryman Hospitality Properties, Inc., as Purchaser

The following list of exhibits is provided pursuant to Item 601(a)(5) of Regulation S-K. These exhibits have been omitted pursuant to Item 601(a)(5) of Regulation S-K because the information contained therein is not material and is not otherwise publicly disclosed. The registrant undertakes to furnish supplementally a copy of the exhibits to the Securities and Exchange Commission upon request.

EXHIBITS

Exhibit A – Property Description

Exhibit A-1 – Tenant Leases

Exhibit A-2 – Contracts

Exhibit A-3 – Reserve Accounts

Exhibit A-4 – Personalty

Exhibit A-5 – Vehicles

Exhibit A-6 – Intangible Personal Property

Exhibit A-7 – Excluded Assets

Exhibit A-8 – Equipment Leases

Exhibit B – Purchase Price Allocation Methodology

Exhibit B-1 – Insured Closing Letter

Exhibit C – Property Information

Exhibit D – Special Warranty Deed

Exhibit E – Assignment and Assumption of Leases and Security Deposits

Exhibit F – Assignment and Assumption of Contracts

Exhibit G – General Assignment and Assumption Agreement

Exhibit H – Tenant Notice Letter

Exhibit I – Litigation Schedule

Exhibit J – Governmental Notice Schedule

Exhibit K – Tenant Estoppel Form Tenant Estoppel Certificate

Exhibit L – Association Estoppel Form Estoppel Certificate

Exhibit M – Hospitality Estoppel

Exhibit N – Operator Estoppel Certificate

Exhibit O – KLRU Estoppel Form

Exhibit P – Shared Facilities Estoppel Form

Exhibit Q – Reserved

Exhibit Q-1 – Schedule of Loan Documents

Exhibit R – Post-Closing Escrow Agreement[1]

Exhibit S – Rent Roll

Exhibit T – Assignment of Declarant Rights

Exhibit U – Hotel Proration Provisions

Exhibit V – Certain Definitions

Exhibit W – Starwood Modifications

Exhibit X – Goldman Modifications

Exhibit Y – Purchase Price Adjustments

ADDENDUMS

Side Letter[2]

First Amendment to Agreement of Sale and Purchase[3]

Second Amendment to Agreement of Sale and Purchase[4]

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[1] Exhibit R has been filed as an exhibit to this Agreement of Sale and Purchase.
[2] The Side Letter has been filed as an addendum to this Agreement of Sale and Purchase.
[3] The First Amendment to Agreement of Sale and Purchase has been filed as an addendum to this Agreement of Sale and Purchase.
[4] The Second Amendment to Agreement of Sale and Purchase has been filed as an addendum to this Agreement of Sale and Purchase.

EXHIBIT R

POST-CLOSING ESCROW AGREEMENT

POST-CLOSING ESCROW AGREEMENT

This Post-Closing Escrow Agreement ("**Agreement**") is made and entered into as of _____, 20___, by and among _____, a _____ ("**Seller**"), _____, a _____ ("**Purchaser**"), and _____ ("**Escrow Agent**").

W I T N E S E T H:

WHEREAS, Seller and _____, a _____ ("**Original Purchaser**"), entered into an Agreement of Sale and Purchase dated as of _____, 20____ (as amended, the "**PSA**");

WHEREAS, Original Purchaser assigned its rights under the PSA to Purchaser pursuant to that certain _____ dated as of _____, 20___;

WHEREAS, the Closing (as defined in the PSA) has occurred on the date hereof; and

WHEREAS, Seller and Purchaser are executing and delivering this Agreement pursuant to Section 8.02 of the PSA; and

WHEREAS, Seller has on the date hereof deposited with Escrow Agent, to be held in accordance with the terms of this Agreement, Six Million Eight Hundred Seventy-Five Thousand and No/100 Dollars ($6,875,000.00) (the "**Escrow Amount**"), to be held and applied in accordance with the provisions hereof; and

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, the parties hereto agree as follows:

ARTICLE I

THE ESCROW ACCOUNT

Section 1.01 Establishment of Escrow Account. Escrow Agent agrees to establish a segregated account (the "**Escrow Account**") at its office located at _____, Texas, and has received for deposit therein the Escrow Amount. In no event shall Seller be required to deposit any additional funds, other than the original Escrow Amount, in the Escrow Account or otherwise replenish the Escrow Account. The Escrow Amount and any interest, accretions or earnings with respect thereto less any distributions made in accordance with the terms of this Agreement (hereinafter collectively referred to as the "**Escrow Funds**") shall be held for the benefit of Seller and Purchaser in the Escrow Account and applied, in accordance with this Agreement, to secure the rights of Purchaser in respect of certain claims against Seller which survive Closing as more particularly described in the PSA ("**Claims**").

Section 1.02 Authorized Investments. At any time during the existence of the Escrow Account, such portion of the Escrow Funds not then needed for the making of payments to any other party hereto shall be deposited by Escrow Agent in a deposit account or money market account at a state or national bank approved by Seller whose deposit accounts are insured by the FDIC to the maximum extent eligible under then-current FDIC regulations, upon instruction by Seller. During the term of this Agreement, all income with respect to the Escrow Funds shall be for the account of Seller. All investments of the Escrow Funds pursuant to this Agreement shall be at the risk and for the benefit of Seller. If Seller fails to instruct Escrow Agent concerning the investment of any of the Escrow Funds, then Escrow Agent shall invest the Escrow Funds in a money market deposit account at a state or national bank approved for Escrow Agent's other deposits. Escrow Agent is hereby authorized and directed by Seller and Purchaser to sell any such investments as shall be necessary to make any disbursements required hereunder to be made to Purchaser or Seller.

Section 1.03 Payments to Seller and Purchaser.

(a) At the opening of business on the date (the "**Pay-Out Date**") that is thirteen (13) months after the date of this Agreement, Escrow Agent shall reserve in the Escrow Account, in accordance with Section 1.04 below, such portion of the Escrow Funds (up to, but not exceeding, the entire amount thereof) equal to one hundred ten percent (110%) of the amount that would then be needed to satisfy the amount of the Pending Claims (as hereinafter defined) which have been received by Escrow Agent prior to such date pursuant to Section 1.04 below and, then, Escrow Agent shall immediately transfer on such date to Seller the remaining portion of the Escrow Funds, if any, which have not been reserved pursuant to this Section 1.03(a). Upon request by Escrow Agent, Seller and Purchaser shall promptly confirm to Escrow Agent jointly in writing the amount of the Escrow Funds to be reserved in accordance with the foregoing provisions, and Escrow Agent may condition its transfer to Seller of the remaining Escrow Funds upon receipt of such joint written instructions. After the Pay-Out Date and when all Pending Claims by Purchaser are finally paid, compromised, settled, arbitrated or litigated, Escrow Agent shall from time to time pay and disburse to Seller any amounts in excess of the aggregate amount made the subject of any remaining Pending Claims. Upon request by Escrow Agent, Seller and Purchaser shall promptly confirm to Escrow Agent jointly in writing the amount of any such payments or disbursements to be made accordance with the foregoing provisions, and Escrow Agent may condition any such payment or disbursement upon receipt of such joint written instructions.

(b) From time to time, Escrow Agent shall transfer the Escrow Funds in the Escrow Account to Seller or to Purchaser upon the joint instructions of Seller and Purchaser as all or any portion of Purchaser's Claim is finally paid, settled or arbitrated.

(c) All amounts paid by Escrow Agent to Seller or Purchaser from the Escrow Account shall include all interest earned upon such amounts and shall be by cashier's check or wire transfer of immediately available funds to an account designated in writing by Seller or Purchaser, as the case may be.

Section 1.04 Reservation for Claims. The amount of the claims by Purchaser against Seller for any Claims that have been received by Escrow Agent on or prior to the Pay-Out Date and which have not been satisfied out of the Escrow Funds or otherwise (or withdrawn by Purchaser) shall hereinafter be referred to as the "**Pending Claims**." The portion, if any, of the Escrow Funds to be reserved by Escrow Agent pursuant to Section 1.03(a) with respect to Pending Claims shall be the aggregate dollar amount of the Claims by Purchaser as to which Escrow Agent shall have received written notice from Purchaser in accordance with Section 2.01 below on or prior to the Pay-Out Date less (i) the aggregate dollar amount of such Claims as to which Purchaser has received payment as of the Pay-Out Date and (ii) the aggregate dollar amount of Claims as to which Purchaser and Seller shall have informed Escrow Agent as of the Pay-Out Date are no longer being asserted or have been otherwise waived by Purchaser or dismissed in any related legal proceeding.

Section 1.05 Rights to Escrow Funds. The Escrow Funds in the Escrow Account shall be for the exclusive benefit of Purchaser, Seller and their respective successors and assigns, and no other person, firm or corporation shall have any right, title or interest therein; and any claim of any person to the Escrow Funds, or any part thereof, shall be subject and subordinate to the prior right thereto and lien of Purchaser and Seller.

Section 1.06 Joint Instructions. Notwithstanding any provision contained herein to the contrary, Escrow Agent is authorized and directed to transfer Escrow Funds in accordance with the joint written instructions of Seller and Purchaser.

ARTICLE II

CLAIM

Section 2.01 Notice of Claim. In the event that Purchaser shall have a good faith Claim against Seller, Purchaser shall give written notice of such Claim to Escrow Agent and to Seller on or prior to the Pay-Out Date; provided, however, that Purchaser may not make a claim under this Escrow Agreement for Claims that are, in the aggregate, in excess of the "**Post-Closing Liability Cap**" (herein so called, pursuant to the PSA, meaning $6,875,000.00). Purchaser shall promptly furnish Escrow Agent with proof of delivery of such notice to Seller. Such notice shall specify that Purchaser has a bona fide, good faith belief that it is entitled to the amount(s) claimed and shall set forth in reasonable detail the amount of the Claim and the facts which form the basis for such Claim. To the extent such Claim is fixed or liquidated in amount, the notice shall so state and such fixed or liquidated amount shall be deemed to be the amount of such Claim (to the extent so fixed or liquidated) against the Escrow Amount. To the extent the amount of such Claim is not fixed or liquidated, the notice shall so state and, in such event, such Claim (to the extent not fixed or liquidated) shall be deemed asserted against the lesser of (x) Purchaser's good faith estimate of the Claim and (y) the remaining amount of the Escrow Fund; provided that no payment shall be made on account of the unfixed or unliquidated portion of such claim until the amount of such portion is fixed or liquidated.

Section 2.02 Payment of Undisputed Claim. If Seller shall not, within thirty (30) days after receipt of such notice, advise Purchaser and Escrow Agent that Seller disputes the Claim described in such notice or the timeliness of such notice, then Escrow Agent is, at the end of such

30-day period, hereby authorized and directed to pay to Purchaser from the Escrow Fund the amount of such Claim, together with all interest earned upon such amount, except as set forth in the last sentence of Section 2.01. Upon request by Escrow Agent, Seller and Purchaser shall promptly confirm to Escrow Agent jointly in writing the amount of any such payments or disbursements to be made accordance with the foregoing provisions, and Escrow Agent may condition any such payment or disbursement upon receipt of such joint written instructions.

Section 2.03 Disputed Claim. If Seller shall, within thirty (30) days after receipt of notice of a Claim hereunder, notify Purchaser and Escrow Agent in writing that Seller in good faith disputes the Claim described in such notice or the timeliness of such notice, then Purchaser, on the one hand, and Seller, on the other hand, shall endeavor in good faith to settle and compromise such Claim, and if unable to do so, Purchaser shall, as a condition to preserving such Claim, file an action on such Claim within twenty-four (24) months after the date of this Agreement or the same shall be forever barred and shall no longer constitute Pending Claims. Upon resolution of such dispute, Purchaser and the Seller shall give the Escrow Agent joint written instruction to release the Escrow Funds in accordance with the terms of such resolution.

ARTICLE III

ESCROW AGENT

Section 3.01 Appointment of Escrow Agent. Seller and Purchaser hereby appoint _____, _____, Texas, to serve as Escrow Agent, and Escrow Agent hereby accepts, under the terms of this Agreement, such appointment and the agency created hereby.

Section 3.02 Resignation and Removal of Escrow Agent. Escrow Agent may resign by giving notice in writing of such resignation to each other party hereto, specifying a date not less than sixty (60) days after the date of such notice when such resignation shall become effective. Escrow Agent may be removed at any time with the written consent of each of the other parties hereto. If Escrow Agent shall resign or be removed, Seller and Purchaser shall appoint, as soon as possible, a successor Escrow Agent. Any successor Escrow Agent shall be deemed to have qualified as Escrow Agent and to have accepted the responsibilities hereunder when such successor shall have executed three (3) counterparts of this Agreement and shall have delivered one (1) counterpart to each of Seller and Purchaser. Upon such qualification and acceptance, the rights, powers, duties and obligations of the original Escrow Agent hereunder shall be possessed and assumed by the successor Escrow Agent with the same effect as though such successor had originally been Escrow Agent under this Agreement.

Section 3.03 Maintenance of Records; Reports. Escrow Agent shall maintain adequate records relating to amounts in the Escrow Account, and shall deliver quarterly reports to the other parties hereto identifying and specifying the status of any investments of Escrow Funds and specifying the balance of amounts held in the Escrow Account.

Section 3.04 Liability of Escrow Agent. Escrow Agent undertakes to perform such duties and obligations and only such duties and obligations as are expressly set forth herein, and no implied duties or obligations shall be read into this Agreement. Escrow Agent may rely upon any instrument or signature Escrow Agent believes in good faith to be genuine and to have been

presented or signed by the proper party or parties. Escrow Agent may consult with counsel and any advice or written opinion of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted to be taken by it hereunder in good faith and in accordance with such advice or opinion. Escrow Agent shall not have any liability or responsibility in connection with any representations, warranties or covenants of other parties contained in, or any other provisions of, the PSA.

Section 3.05 Indemnification. Seller hereby agrees to indemnify Escrow Agent against any and all liabilities attributable to any act or omission of Seller that may arise by reason of Escrow Agent's acting as Escrow Agent under this Agreement excluding, however, liabilities arising out of Escrow Agent's gross negligence, bad faith or willful misconduct. Purchaser hereby agrees to indemnify Escrow Agent against any and all liabilities attributable to any act or omission of Purchaser that may arise by reason of Escrow Agent's acting as Escrow Agent under this Agreement excluding, however, liabilities arising out of Escrow Agent's gross negligence, bad faith or willful misconduct.

Section 3.06 Fees and Expenses.

(a) For its services hereunder, Escrow Agent shall not be entitled to any fee.

(b) Seller, on the one hand, and Purchaser, on the other hand, agree that if Escrow Agent shall incur or suffer any other reasonable costs, charges, damages or attorneys' fees on account of being Escrow Agent hereunder or on account of having received the Escrow Funds hereunder (including, without limitation, costs, charges, damages and reasonable attorneys' fees as a result of litigation involving this Agreement or the Escrow Funds), then such costs, charges, damages or fees (including, without limitation, reasonable attorneys' fees incurred by Escrow Agent in connection with any such litigation) shall be paid by whichever of Seller, on the one hand, and Purchaser, on the other hand, whose action gave rise to such cost, charge, damage or fee or, in the case of any cost, charge, damage or fee arising in connection with, or the subject of, litigation, in such other manner as the court in which such litigation occurs may direct, unless arising from the gross negligence, bad faith or willful misconduct of Escrow Agent. If it is not possible to determine which of Seller or Purchaser is the cause of such expenses, or a court does not otherwise direct, Seller and Purchaser shall share such costs and expenses equally.

(c) Notwithstanding the foregoing provisions of this Section 3.06 and any other provision of this Agreement, Escrow Agent hereby expressly acknowledges and agrees that it shall have no lien or other right, nor any claim, on any Escrow Funds in respect of amounts owed or which may be owed to Escrow Agent by Seller or Purchaser.

Section 3.07 Interpleader. Should any controversy arise involving the parties hereto or any of them or any other person, firm or entity with respect to this Escrow Agreement or the Escrow Funds, or should a substitute escrow agent fail to be designated as provided in Section 3.02 hereof, or if Escrow Agent should be in doubt as to what action to take, Escrow Agent shall have the right, but not the obligation, either to (a) withhold delivery of the Escrow Funds until the controversy is resolved, the conflicting demands are withdrawn or its doubt is resolved or (b) institute a petition for interpleader in any court of competent jurisdiction to determine the rights

of the parties hereto. Should a petition for interpleader be instituted, or should Escrow Agent be threatened with litigation or become involved in litigation or binding arbitration in any manner whatsoever in connection with this Escrow Agreement or the Escrow Funds, Purchaser and Seller hereby jointly and severally agree to reimburse Escrow Agent for its attorneys' fees and any and all other expenses, losses, costs and damages incurred by Escrow Agent in connection with or resulting from such threatened or actual litigation or arbitration prior to any disbursement hereunder.

Section 3.08 Tax Matters. Set forth on Exhibit A hereto are the taxpayer identification numbers of Purchaser and Seller. Each of Purchaser and the Seller shall provide Escrow Agent with its taxpayer identification number documented by an appropriate Form W-8 or Form W-9 upon execution of this Escrow Agreement. Failure so to provide such forms may prevent or delay disbursements from the Escrow Funds and may also result in the assessment of a penalty and Escrow Agent's being required to withhold tax on any interest or other income earned on the Escrow Funds. Any payments of income shall be subject to applicable withholding regulations then in force in the United States or any other jurisdiction, as applicable.

ARTICLE IV

MISCELLANEOUS

Section 4.01 Notices. Any notices or notifications to be given hereunder shall be in writing and shall be delivered: (i) by email provided that such notice is also given by one of the other permitted delivery methods, (ii) by overnight delivery service, or (iii) by personal delivery, in each case addressed to the location shown below or such other addresses as the respective party may direct in writing to the other. Such notice shall be deemed effective (A) on the day actually delivered to an overnight delivery service, (B) upon transmission (as determined by the time stamp on the sender's email system) of the delivery of the email when delivered by email, or (C) upon such personal delivery:

Seller: _____
_____
_____
Attn: _____
Telecopy:_____
with a copy to: _____
_____
_____
Attn: _____
Telecopy:_____
Purchaser: _____
_____
_____
Attn: _____
Telecopy:_____
with a copy to: Foley Gardere
2021 McKinney Avenue, Suite 1600

Dallas, Texas 75201-3340
Attn: Clifford J. Risman
Telecopy: (214) 999-4667

and with a copy to: _____
_____
_____
Attn:_____
Telecopy:_____

Escrow Agent: _____
_____
_____
Attn: _____
Telecopy:_____

Section 4.02 Representations and Warranties.

(a) Purchaser represents and warrants to Seller and Escrow Agent that:

(i) Purchaser is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, has the requisite power to execute, deliver and perform its obligations under this Agreement and has duly authorized the execution, delivery and performance of this Agreement; and

(ii) this Agreement has been duly executed and delivered by Purchaser and constitutes its valid and binding agreement.

(b) Seller represents and warrants to Purchaser and Escrow Agent that:

(i) Seller is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, has the requisite power to execute, deliver and perform its obligations under this Agreement and has duly authorized the execution, delivery and performance of this Agreement; and

(ii) this Agreement has been duly executed and delivered by Seller and constitutes its valid and binding agreement.

(c) Escrow Agent represents and warrants to Seller and Purchaser that:

(i) Escrow Agent is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, has the requisite power to execute, deliver and perform its obligations under this Agreement and has duly authorized the execution, delivery and performance of this Agreement; and

(ii) this Agreement has been duly executed and delivered by Escrow Agent and constitutes its valid and binding agreement.

Section 4.03 Waiver. The rights and remedies of the parties to this Agreement are cumulative and not alternative. Neither the failure nor any delay by any party in exercising any right, power, or privilege under this Agreement or the documents referred to in this Agreement

will operate as a waiver of such right, power, or privilege, and no single or partial exercise of any such right, power, or privilege will preclude any other or further exercise of such right, power, or privilege or the exercise of any other right, power, or privilege. To the maximum extent permitted by applicable law, (a) no claim or right arising out of this Agreement or the documents referred to in this Agreement can be discharged by one party, in whole or in part, by a waiver or renunciation of the claim or right unless in writing signed by the other parties; (b) no waiver that may be given by a party will be applicable except in the specific instance for which it is given; and (c) no notice to or demand on one party will be deemed to be a waiver of any obligation of such party or of the right of the party giving such notice or demand to take further action without notice or demand as provided in this Agreement or the documents referred to in this Agreement.

Section 4.04 Termination. This Agreement shall terminate upon the occurrence of the earlier of (i) agreement on the part of Seller and Purchaser and (ii) payment by Escrow Agent of all of the Escrow Funds in accordance with this Agreement. Notwithstanding any termination of this Agreement, the provisions of Section 3.04**,** Section 3.05 and Section 3.06 shall survive such termination and remain in full force and effect.

Section 4.05 Parties in Interest. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, executors, legal representatives, successors and permitted assigns. This Agreement may not be transferred, assigned, pledged or hypothecated by any party hereto without the prior written consent of the other parties hereto.

Section 4.06 Entire Agreement. This Agreement, including the other documents referred to herein which form a part hereof or any other written agreements that the parties enter into pursuant to or relating to the transactions contemplated by this Agreement, contains the entire understanding of the parties hereto with respect to the subject matter contained herein and therein. This Agreement supersedes all prior agreements and understandings between the parties with respect to such subject matter. All exhibits a referred to herein and attached hereto are incorporated herein by reference.

Section 4.07 Amendments. This Agreement may not be changed orally, but only by an agreement in writing signed by Purchaser, Seller and Escrow Agent.

Section 4.08 Severability. In case any provision in this Agreement shall be held invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions hereof will not in any way be affected or impaired thereby.

Section 4.09 Third Party Beneficiaries. Each party hereto intends that this Agreement shall not benefit or create any right or cause of action in or on behalf of any party other than the parties hereto.

Section 4.10 Governing Law. The interpretation and construction of this Agreement, and all matters relating hereto, shall be governed by the internal laws of the State of Texas without regard to conflict of laws principles.

Section 4.11 Enforcement; Venue; Service of Process. In the event any party shall seek enforcement of any covenant, warranty or other term or provision of this Agreement or seek to recover damages for the breach thereof, the party which prevails in such proceedings shall be

entitled to recover reasonable attorneys' fees and expenses actually incurred by it in connection therewith. Subject to the provisions of Section 4.05 hereof and without waiving the same, the parties hereto agree that this Agreement shall be performable in Travis County, Texas and that the sole and exclusive venue for any proceeding involving any claim under or relating to this Agreement shall be in Travis County, Texas. The parties hereto agree that the service of process or any other papers upon any of them by any of the methods specified in and in accordance with Section 4.01 (other than by facsimile) shall be deemed good, proper, and effective service upon them.

Section 4.12 Captions; References. The Article and Section captions used herein are for reference purposes only, and shall not in any way affect the meaning or interpretation of this Agreement. References to a "**Section**" or "**Subsection**" when used without further attribution shall refer to the particular sections or subsections of this Agreement.

Section 4.13 Amendments. This Agreement may not be changed orally, but only by an agreement in writing signed by Purchaser, Seller and Escrow Agent.

Section 4.14 Counterparts. This Agreement may be executed in two or more counterparts, all of which taken together shall constitute one instrument.

[Signature pages follow]

IN WITNESS WHEREOF, this Agreement has been executed and delivered by or on behalf of each of the parties hereto as of the day and year first above written.

PURCHASER:

_____,
a _____

By:_____
Name:_____
Title:_____

SELLER:

_____,
a _____

By:_____
Name:_____
Title:_____

ESCROW AGENT:

By:_____
Name:_____
Title:_____

EXHIBIT A

Name and Address of Seller Taxpayer Identification No.

_____
_____
_____
_____
Attn: _____

Name and Address of Purchaser Taxpayer Identification No.

_____
_____
_____
_____
Attn: _____

October 26, 2021

Stratus Block 21, L.L.C.
212 Lavaca Street, Suite 300
Austin, Texas 78701
Attention: William H. Armstrong III

Re: Agreement of Sale and Purchase between Stratus Block 21, L.L.C. f/k/a CJUF II Stratus Block 21, LLC, as seller, and Ryman Hospitality Properties, Inc., as purchaser, dated on or about the date hereof

Dear William:

This letter incorporates in its entirety the referenced Agreement, including, without limitation, the defined terms specified therein, and, when countersigned by Seller, shall memorialize the agreement of the Parties, that, should the Parties for any reason not obtain Loan Assumption Approval in accordance with the Agreement on or before the business day prior to the Closing Deadline, then both (i) the Parties shall continue to use their mutual good faith efforts to obtain Loan Assumption Approval in accordance with the Agreement, and (ii) upon Notice from either Party, from time to time, the Closing Deadline shall, without the need for any consent or other action by the other Party, or any conditions or further consideration, be extended to any date specified in such Notice, but in no event beyond March 31, 2022.

Please countersign below and return this letter and return to us in acknowledgment and confirmation of the foregoing.

RYMAN HOSPITALITY PROPERTIES, INC., a Delaware corporation

By: /s/ Colin Reed
Name: Colin Reed
Title: 26 October 2021

ACKNOWLEDGED AND AGREED:

STRATUS BLOCK 21, L.L.C.,
a Delaware limited liability company
By: STRATUS BLOCK 21 MANAGER, L.L.C.,
a Texas limited liability company,
its Manager

By: Erin D. Pickens
Name: Erin D. Pickens
Title: Senior Vice President

FIRST AMENDMENT
TO AGREEMENT OF SALE AND PURCHASE

This First Amendment to Agreement of Sale and Purchase (this "**Amendment**") is made by and between **STRATUS BLOCK 21, L.L.C.**, a Delaware limited liability company, formerly known as CJUF II Stratus Block 21, LLC ("**Seller**"), and **RYMAN HOSPITALITY PROPERTIES, INC.**, a Delaware corporation ("**Purchaser**").

R E C I T A L S:

A. Seller and Purchaser entered into that certain Agreement of Sale and Purchase, dated effective as of October 26, 2021 (the "**Agreement**"), pursuant to which Seller agreed to sell and Purchaser agreed to purchase the Property (as defined in the Agreement).

B. Seller and Purchaser now desire to amend the Agreement as set forth herein.

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Seller and Purchaser hereby agree as follows:

1. **Definitions**. Each capitalized term used herein will have the meaning assigned to such term in the Agreement, unless the context hereof otherwise requires or provides.

2. **Closing Deadline**. The Closing Deadline defined in Section 5.01 of the Agreement is hereby extended to April 15, 2022.

3. **Assumption of Hotel Operating Agreement**. The first sentence of the second to last paragraph of Section 6.08 of the Agreement is hereby amended to read as follows:

> "In the event Purchaser does not secure Hotel Operating Agreement Assumption Approval (which provides for the release of Seller and, in Purchaser's sole and absolute discretion, the Starwood Modifications), on or before the business day before the Closing Deadline, then this Agreement will terminate, and Purchaser shall receive a return of the Earnest Money and thereafter neither Party shall have any further rights, remedies or obligations under this Agreement except obligations and rights that expressly survive any termination of this Agreement."

4. **Entire Agreement**. This Amendment, together with the Agreement, sets forth the entire understanding of the parties and supersedes all prior agreements or understandings, whether written or oral, with respect to the subject matter hereof. No amendments, or modifications hereto will be valid unless made in writing and signed by all parties hereto.

5. **Binding Effect**. This Amendment will extend to and be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

6. **Counterparts**. This Amendment may be executed in two or more counterparts, each of which will be deemed an original, which together will constitute one in the same

agreement. This Amendment may be executed by facsimile signature.

7. **Governing Law**. This Amendment will be governed by and construed in accordance with the laws of the State of Texas and will be enforceable in Travis County, Texas.

8. **Conflicts; Affirmation of Agreement**. In the event of a conflict between the terms and provisions of the Agreement and the terms and provisions of this Amendment, the terms and provisions of this Amendment shall prevail. Except as modified hereby, the Agreement remains valid, binding and in full force and effect.

IN WITNESS WHEREOF, Seller and Purchaser have executed this Amendment to be effective as of March 14, 2022.

SELLER: STRATUS BLOCK 21, L.L.C., a Delaware limited liability company

By: STRATUS BLOCK 21 MANAGER, L.L.C., a Texas limited liability company, its Manager

By: /s/ Erin D. Pickens
Erin D. Pickens, Senior Vice President

PURCHASER: RYMAN HOSPITALITY PROPERTIES, INC., a Delaware corporation

By: /s/ Scott Lynn
Name: Scott Lynn
Title: EVP & GC

SECOND AMENDMENT
TO AGREEMENT OF SALE AND PURCHASE

This Second Amendment to Agreement of Sale and Purchase (this "**Amendment**") is made by and between **STRATUS BLOCK 21, L.L.C.**, a Delaware limited liability company, formerly known as CJUF II Stratus Block 21, LLC ("**Seller**"), and **RYMAN HOSPITALITY PROPERTIES, INC.**, a Delaware corporation ("**Purchaser**").

R E C I T A L S:

A. Seller and Purchaser entered into that certain Agreement of Sale and Purchase, dated effective as of October 26, 2021, as amended by First Amendment to Agreement of Sale and Purchase dated March 14, 2022 (collectively, the "**Agreement**"), pursuant to which Seller agreed to sell and Purchaser agreed to purchase the Property (as defined in the Agreement).

B. Seller and Purchaser now desire to amend the Agreement as set forth herein.

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Seller and Purchaser hereby agree as follows:

1. **Definitions**. Each capitalized term used herein will have the meaning assigned to such term in the Agreement, unless the context hereof otherwise requires or provides.

2. **Closing Deadline**. The Closing Deadline defined in Section 5.01 of the Agreement is hereby extended to May 31, 2022.

3. **Entire Agreement**. This Amendment, together with the Agreement, sets forth the entire understanding of the parties and supersedes all prior agreements or understandings, whether written or oral, with respect to the subject matter hereof. No amendments, or modifications hereto will be valid unless made in writing and signed by all parties hereto.

4. **Binding Effect**. This Amendment will extend to and be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

5. **Counterparts**. This Amendment may be executed in two or more counterparts, each of which will be deemed an original, which together will constitute one in the same agreement. This Amendment may be executed by facsimile signature.

6. **Governing Law**. This Amendment will be governed by and construed in accordance with the laws of the State of Texas and will be enforceable in Travis County, Texas.

7. **Conflicts; Affirmation of Agreement**. In the event of a conflict between the terms and provisions of the Agreement and the terms and provisions of this Amendment, the terms and provisions of this Amendment shall prevail. Except as modified hereby, the Agreement remains valid, binding and in full force and effect.

IN WITNESS WHEREOF, Seller and Purchaser have executed this Amendment to be

effective as of March 25, 2022.

SELLER: STRATUS BLOCK 21, L.L.C., a Delaware limited liability company

By: STRATUS BLOCK 21 MANAGER, L.L.C., a Texas limited liability company, its Manager

By: /s/ Erin D. Pickens
Erin D. Pickens, Senior Vice President

PURCHASER: RYMAN HOSPITALITY PROPERTIES, INC., a Delaware corporation

By: /s/ Scott Lynn
Name: Scott Lynn
Title: EVP & GC

MEMBERSHIP INTEREST PURCHASE AGREEMENT

This Membership Interest Purchase Agreement (this "**Agreement**") is made by and between **STRATUS BLOCK 21 INVESTMENTS, L.P.**, a Texas limited partnership ("**Seller**"), and **RYMAN HOSPITALITY PROPERTIES, INC.**, a Delaware corporation ("**Purchaser**"). Seller and Purchaser are sometimes referred to in this Agreement individually as a "**Party**" and collectively as the "**Parties**."

R E C I T A L S:

A. Seller owns and holds one hundred percent (100%) of the membership interests (the "**Membership Interests**") in **BLOCK 21 SERVICE COMPANY LLC**, a Texas limited liability company (the "**Company**").

B. Purchaser desires to purchase the Membership Interests from Seller and Seller desire to sell the Membership Interests to Purchaser on the terms and conditions set forth in this Agreement.

NOW, THEREFORE, for and in consideration of the foregoing and the mutual covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

I.
Sale and Transfer of Membership Interests

1.1 Agreement to Sell and Transfer. Upon the terms and subject to the conditions set forth in this Agreement, Purchaser agrees to purchase and receive the Membership Interests from Seller, and Seller agrees to sell, assign, transfer, and deliver the Membership Interests to Purchaser.

1.2 Stratus Block 21 Contract. Contemporaneously with the execution of this Agreement, Stratus Block 21, L.L.C., a Delaware limited liability company and an affiliate of Seller ("**Stratus Block 21**"), and Purchaser are entering into that certain Agreement of Sale and Purchase (the "**Stratus Block 21 Contract**") for the sale and purchase of substantially all of the assets of Stratus Block 21. Closing under this Agreement will occur contemporaneously with the closing under the Stratus Block 21 Contract, and, notwithstanding anything herein to the contrary, the closing under each contract is a condition to the closing under the other contract.

II.
Consideration

2.1 Purchase Price. The Parties agree that the total purchase price under this Agreement (the "**Purchase Price**") and the Stratus Block 21 Contract (the "**Stratus Block 21 Purchase Price**") is TWO HUNDRED SIXTY MILLION AND 00/100 U.S. DOLLARS ($260,000,000.00), and the Purchase Price is subject to the adjustments and prorations as set

forth herein. The Parties shall use their commercially good faith efforts to agree upon the Purchase Price and the Stratus Block 21 Purchase Price, as well as any sub-allocations of the Purchase Price and the Stratus Block 21 Purchase Price among the various assets being conveyed under such contracts on or prior to the Closing Date; provided, however, that (a) all allocations and sub-allocations described in this Section 2.1 (both those agreed upon by the Parties and those made unilaterally by either Party absent such agreement) shall be made in a manner that is consistent with the percentages of the purchase price under the Stratus Block 21 Contract and the Purchase Price as are assigned to the various components of the Property on Exhibit B attached to the Stratus Block 21 Contract and (b)(i) such agreement shall not be a condition to either Party's obligation to close hereunder or under the Stratus Block 21 Contract, and (ii) absent such agreement, each Party shall be free for all purposes to report such allocations and sub-allocations to any and all third parties in such manner as such Party deems appropriate so long as it is consistent with the percentages of the aggregate of the purchase price under the Stratus Block 21 Contract and the Purchase Price as are assigned to the various components of the Property on Exhibit B attached to the Stratus Block 21 Contract.

2.2 Payment of Purchase Price. Purchaser will deliver the Purchase Price in full in cash or other readily available funds to Seller at the Closing (as defined below).

2.3 Earnest Money. Purchaser and Stratus Block 21 have certain obligations under the Stratus Block 21 Contract related to the Earnest Money (as defined in the Stratus Block 21 Contract) and this Agreement shall be subject to the terms and conditions related to the Earnest Money as provided in the Stratus Block 21 Contract. The Earnest Money shall be held, delivered and/or applied in accordance with the terms and provisions of the Stratus Block 21 Contract.

III.
Purchaser's Inspection Rights

3.1 Incorporation of Article III of Stratus Block 21 Contract. Article III of the Stratus Block 21 Contract is hereby incorporated as Article III of this Agreement for all purposes with the following modifications: (i) Seller means Seller as defined in this Agreement; (ii) Purchaser means Purchaser as defined in this Agreement; and (iii) Property and/or Real Property mean collectively the Membership Interests and the property owned by the Company.

IV.
Closing

4.1 Closing Date. This transaction shall close at the Title Company's (as defined in the Stratus Block 21 Contract) offices or other location acceptable to the Parties at the same time as the closing under the Stratus Block 21 Contract. The closing of the transaction evidenced by this Agreement is referred to in this Agreement as the "**Closing**" and the actual date upon which the Closing occurs is referred to in this Agreement as the "**Closing Date**". The "**Closing Deadline**" is the Closing Deadline as defined in the Stratus Block 21 Contract.

4.2 Seller's Closing Obligations. At the Closing, Seller shall, at Seller's sole cost and expense:

(a) execute and deliver to Purchaser an assignment and assumption agreement in the same form as **Exhibit A**, attached hereto and incorporated herein, transferring the Membership Interests to Purchaser (the "**Assignment of Membership Interests**");

(b) execute and deliver the Escrow Agreement (as defined in the Stratus Block 21 Contract) to Purchaser and the Title Company;

(c) execute and deliver to Purchaser a "non-foreign" certificate sufficient to establish that withholding of tax is not required in connection with this transaction;

(d) cause Stratus Block 21 Investments GP, L.L.C., a Texas limited liability company, to deliver a resignation as the "Special Member" of the Company under that that certain Amended and Restated Limited Liability Company Agreement of the Company dated effective as of January 5, 2016 (the "**Company Agreement**") with an acknowledgement from such Special Member that it has no claim whatsoever against the Company whether in respect of compensation for loss of office, damages, loans or otherwise;

(e) execute and deliver all instruments and documents necessary to release any and all liens, encumbrances, or adverse claims (other than liens under the Goldman Loan) to the assets of the Company and the Membership Interests; and

(f) execute and deliver such other documents as are customarily executed by a seller in connection with the transfer of similar property in Travis County, Texas, including all required closing statements, releases, affidavits, evidences of authority to execute the documents, certificates of good standing, resolutions and any other instruments reasonably required by the Purchaser or the Title Company.

4.3 Purchaser's Closing Obligations. At the Closing, Purchaser shall, at Purchaser's sole cost and expense:

(a) deliver to the Title Company the Purchase Price plus the full amount of all expenses and other sums which Purchaser is required to pay to Seller under the terms of this Agreement, all for disbursement in accordance with the terms and provisions of this Agreement;

(b) execute and deliver to Seller the Assignment of Membership Interests assuming the obligations of Seller as the "Member" and the "Manager" under the Company Agreement;

(c) cause a Person acceptable to the Loan Servicer (as defined in the Stratus Block 21 Contract) to be admitted to the Company as the "Special Member" under the Company Agreement;

(d) execute and deliver to Seller and the Title Company the Escrow Agreement; and

(e) execute and deliver such other documents as are customarily executed by a purchaser in connection with the transfer of similar property in Travis County, Texas, including all required closing statements, evidences of authority to execute documents, certificates of good standing, corporate resolutions, and other instruments which are reasonably required by the Seller or the Title Company.

4.4 Closing Costs. Seller and Purchaser each agrees to pay the following costs at Closing, in addition to any other amounts set forth in this Agreement.

(a) At or prior to the Closing, Seller must pay: (i) one-half (½) of any escrow or closing fee charged by the Title Company in connection with this Agreement, and (ii) any other closing costs customarily paid by a seller of similar property in Travis County, Texas, except as may be otherwise provided in this Agreement.

(b) At or prior to the Closing, Purchaser must pay: (i) one-half (½) of any escrow or closing fee charged by the Title Company in connection with this Agreement, and (ii) any other closing costs customarily paid by a purchaser of similar property in Travis County, Texas, except as may otherwise be provided in this Agreement.

(c) Each Party will be responsible for the payment of its own attorneys' fees.

V.
Purchase Price Adjustments

5.1 Post-Closing Purchase Price Adjustment.

(a) Definitions. For purposes of this Agreement, the following terms will have the respective meanings set forth below:

(i) "**Cash**" means all cash, cash equivalents, and marketable securities, including all outstanding security, customer or other deposits of the Company in cash, plus any checks received by the Company on or before the Closing Date that have not yet cleared, and restricted cash minus any unpaid checks or drafts of the Company, all as determined as of the end of the day on the Closing Date.

(ii) "**Current Assets**" means Cash, accounts receivable (net of reserves for bad debt), inventory (net of reserves for excess and obsolete inventory), deposits, prepaid expenses, deferred sponsorship receivables, and deferred expenses for future events of the Company, all as determined as of the end of the day on the Closing Date determined in accordance with GAAP, as more particularly described on **Exhibit B** attached hereto and incorporated herein.

(iii) "**Current Liabilities**" means accounts payable, accrued Taxes payable, deferred revenues, deposits from private client events, and accrued expenses of the Company (including amounts due to or for employees and related

accruals for accrued vacation, paid time off, profit sharing, or Closing Bonuses, and the employer portion of any withholding Taxes relating thereto), all as determined as of the end of day on the Closing Date determined in accordance with GAAP, as more particularly described on **Exhibit B** attached hereto and incorporated herein, provided, that, notwithstanding anything in this Agreement or **Exhibit B** to the contrary, for purposes of calculating Working Capital, in no event will the determination of Working Capital include (i) any liability for Transfer Taxes or any other Tax that results from any transaction contemplated by this Agreement, and (ii) any liability for accruals or reserves established under GAAP that requires accruals for contingent Taxes or uncertain Tax positions or any liability (current or deferred) for income Taxes payable by the Seller (but not including in this exclusion any such income Taxes payable by the Company).

(iv) "**Final Purchase Price**" means the Purchase Price as adjusted for the Working Capital Adjustment pursuant to this Section 5.2.

(v) "**GAAP**" means accounting principles generally accepted in the United States consistently applied using the same accounting methods, practices, principles, policies, and procedures, with consistent classifications, judgments, and valuation and estimation methodologies of the Company that were used in the preparation of the Financial Statements.

(vi) "**Target Working Capital**" means $0.00.

(vii) "**Working Capital**" means Current Assets less Current Liabilities determined in accordance with GAAP and consistent with the sample calculation set forth in **Exhibit B** attached hereto and incorporated herein.

(viii) "**Working Capital Adjustment**" means (i) if a Working Capital Shortfall exists, then a deduction in the Purchase Price equal to the amount of the Working Capital Shortfall or (ii) if a Working Capital Surplus exists, then an addition to the Purchase Price equal to the amount of the Working Capital Surplus.

(ix) "**Working Capital Shortfall**" means the amount, if any, by which Working Capital is less than the Target Working Capital.

(x) "**Working Capital Surplus**" means the amount, if any, by which Working Capital exceeds the Target Working Capital.

(b) Proposed Final Purchase Price Statement. As promptly as practicable after the Closing, but in no event later than ninety (90) days after the Closing Date, Purchaser will, with input from and reasonable coordination with Seller, prepare (or cause to be prepared) and deliver to Seller (i) a statement (the "**Proposed Final Purchase Price Statement**") setting forth Purchaser's proposed final calculation of the Working Capital, Working Capital Adjustment, if any, and Final Purchase Price in accordance with this Agreement; (ii) a certificate of an officer of Purchaser that the Proposed Final Purchase

Price Statement was prepared in accordance with this Agreement; and (iii) reasonably detailed explanations and work papers supporting such calculations and each component of the calculations.

(c) Review and Objection. Within forty-five (45) days after receipt by Seller of the Proposed Final Purchase Price Statement, Seller must either inform Purchaser in writing that the Proposed Final Purchase Price Statement is acceptable, or deliver a written notice (the "**Objection Notice**") to Purchaser setting forth in reasonable detail any objection or disagreement Seller has with respect to any items set forth in or missing from the Proposed Final Purchase Price Statement. If Seller does not deliver an Objection Notice within such forty-five (45)-day period, such Proposed Final Purchase Price Statement and the Final Purchase Price reflected in the Proposed Final Purchase Price Statement will be final, conclusive, and binding on the Parties.

(d) Resolution. If Seller timely delivers an Objection Notice, the objections and disagreements set forth in the Objection Notice will be resolved as follows:

(i) Purchaser and Seller will first use reasonable efforts and negotiate in good faith to resolve such objections and disagreements within thirty (30) days after delivery of the Objection Notice. Any resolution resulting from such good faith negotiations will be final, conclusive, and binding on the Parties.

(ii) If Purchaser and Seller do not reach a resolution of all objections and disagreements set forth in the Objection Notice within thirty (30) days after delivery of the Objection Notice, Purchaser and Seller will, by mutual agreement of Purchaser and Seller acting reasonably, promptly following the expiration of such thirty (30)-day period, engage an impartial nationally recognized firm of independent certified public accountants other that Seller's accountants or Purchaser's accountants (the "**Independent Accountant**") pursuant to an engagement agreement, in commercially reasonable form, executed by Purchaser, Seller, the Company, and the Independent Accountant, to resolve any remaining objections or disagreements set forth in the Objection Notice (the "**Unresolved Objections**"). Seller and Purchaser will each bear one-half of the fees, costs, and expenses of the Independent Accountant pursuant to such engagement.

(iii) Immediately following the engagement of the Independent Accountant, Purchaser and Seller will jointly submit to the Independent Accountant, a copy of the Proposed Final Purchase Price Statement, the information delivered by Purchaser to Seller pursuant to Section 5.2(b), the Objection Notice, and a statement setting forth the resolution of any objections and disagreements agreed to by Purchaser and Seller. Purchaser and Seller will each submit to the Independent Accountant (with a copy delivered to the other on the same day) (i) within thirty (30) days after the date of the engagement of the Independent Accountant, a memorandum (which may include supporting exhibits) setting forth their respective positions on the Unresolved Objections and (ii) such work papers and other documents and information relating to the

Unresolved Objections as the Independent Accountant may reasonably request and are available to such Person. Purchaser and Seller may (but will not be required to) each submit to the Independent Accountant (with a copy delivered to the other on the same day), within thirty (30) days after the date the initial memorandums reference above are submitted, a memorandum responding to the initial memorandum submitted to the Independent Accountant by the other. Unless requested by the Independent Accountant in writing, none of the Company, Purchaser, or any Seller may present any additional information or arguments to the Independent Accountant, either orally or in writing.

(iv) The Independent Accountant will issue a ruling in writing within ninety (90) days after the date of the engagement of the Independent Accountant that must include the Final Purchase Price Statement, as adjusted pursuant to any resolutions of objections and disagreements agreed upon by Purchaser and Seller, and the Independent Accountant's resolution of the Unresolved Objections. The Final Purchase Price Statement, as so adjusted, will be deemed final and the Final Purchase Price Statement, as so adjusted, will be deemed to contain the final Working Capital, Working Capital Adjustment, and Final Purchase Price. The Independent Accountant will issue a ruling only in respect of the Unresolved Objections, and the Independent Accountant's ruling will be based upon and be consistent with the terms and conditions in this Agreement. In deciding any matter, the Independent Accountant may not assign a value to any disputed item greater than the greatest value for such item claimed by either Purchaser or Seller or less than the smallest value for such item claimed by Purchaser or Seller.

(v) The resolution by the Independent Accountant of the Unresolved Objections will be final and binding upon each Party hereto and the Independent Accountant's decision will constitute an arbitral award that is final, binding and non-appealable absent fraud or manifest error and upon which a judgment may be entered by a court of competent jurisdiction. The procedure set forth in this Section 5.2 for resolving disputes with respect to the Final Purchase Price and each component of the Final Purchase Price will be the sole and exclusive method for resolving any such disputes.

(e) Access. For purposes of complying with the terms set forth in this Section 5.2, Purchaser will, and will cause the Company to, reasonably cooperate in good faith with and make reasonably available to Seller and its designees, all information, records, data, work papers of its accountants, supporting schedules, calculations and other documentation that provide reasonable detail relating to Purchaser's calculation of the Working Capital, Working Capital Adjustment, Final Purchase Price, and each component thereof, and will permit reasonable access to the Company's facilities, personnel, and accountants, as may be reasonably required in connection with the review or analysis of the Proposed Final Purchase Price Statement and each of its components and the resolution of any objections or disagreements in connection therewith. After Closing, Purchase will not take, and will cause the Company to not take, any actions with respect to the books, records, policies, and procedures of the Company that would

materially obstruct or prevent the preparation of a Proposed Final Purchase Price Statement complying with the requirements set forth in this Agreement, or the calculation of Working Capital, Working Capital Adjustment, if any, and Final Purchase Price, or Seller's review and analysis of the foregoing, in each case, as provided in this Agreement.

(f) Adjustment to Purchase Price. Within ten (10) days after the resolution of the Final Purchase Price as provided in this Section 5.2, Seller and Purchaser will take the following actions:

(i) if the Final Purchase Price is the same as the Purchase Price, then no further action will be needed for either Seller or Purchaser;

(ii) if the Final Purchase Price is more than the Purchase Price, then Purchaser will deliver to Seller immediately available funds equal to the difference between the Final Purchase Price and the Purchase Price; and

(iii) if the Final Purchase Price is less than the Purchase Price, then Seller will deliver to Purchaser immediately available funds equal to the different between the Final Purchase Price and the Purchase Price.

VI.
Representations and Warranties

6.1 Seller Representations. Seller represents and warrants to Purchaser the following:

(a) Existence. The Seller is a duly organized and validly existing limited partnership under the laws of the State of Texas. The Company is a duly organized and validly existing limited liability company under the laws of the State of Texas, with the power and authority to own and carry on its business as now being conducted. The representation and warranty set forth in this Section 6.1(a) is the "**Existence Representation**".

(b) Approvals. Except as otherwise expressly contemplated in this Agreement, Seller has, without notice to or consent or joinder of any other Person (other than as contemplated with the Loan Assumption and the Hotel Operating Agreement Assumption) the full right, power and authority to enter into and perform this Agreement, including full right, power and authority to sell the Membership Interest to Purchaser. The representation and warranty set forth in this Section 6.1(b) is the "**Third Party Approval Representation**".

(c) Authority. Seller's execution, delivery and performance of this Agreement and each other agreement, document, instrument or certificate contemplated by this Agreement or to be executed by Seller in connection with the consummation of the transactions contemplated hereby: (1) are within Seller's power and authority and have been duly authorized; and (2) will not conflict with or, with or without notice or the passage of time, or both, result in a breach of any of the terms and provisions of or constitute a default under, any Law, indenture, mortgage, loan agreement or instrument to

which Seller is a party or by which Seller or any part of its assets is bound, subject to securing and complying with the Loan Assumption and the Hotel Operating Agreement Assumption. This Agreement has been, and each other agreement, document, instrument or certificate contemplated by this Agreement or to be executed by Seller in connection with the consummation of the transactions contemplated hereby will be at or prior to Closing, duly and validly executed and delivered by Seller, and, assuming this Agreement is a valid and binding obligation of Purchaser, when so executed and delivered by Seller will constitute a valid and binding obligation of Seller, enforceable against Seller in accordance with its terms, subject to bankruptcy, insolvency, reorganization, moratorium and similar Laws relating to or affecting creditors' rights or to general principles of equity. The representation and warranty set forth in this Section 6.1(c) is the "**Authority Representation**".

(d) Title and Capitalization. Seller has good and indefeasible title to, and is the record and beneficial owner of, the Membership Interests as set forth in the recitals of this Agreement, free and clear of any lien, encumbrance, or adverse claim. There are no outstanding options, warrants, calls, or other rights or agreements to which Seller is a party requiring Seller to sell or transfer the Membership Interests to any Person other than as provided in this Agreement. The issued and outstanding ownership interests of the Company consists solely of the Membership Interests, all of which are owned and held by Seller and there are no options, warrants, calls, rights or Contracts to which any Seller or the Company is a party requiring, and there are no securities of the Company outstanding which upon conversion or exchange would require, the issuance, sale or transfer of any additional shares, capital stock or other equity securities of the Company or other securities convertible into, exchangeable for or evidencing the right to subscribe for or purchase additional equity securities of the Company. There are no outstanding appreciation, phantom equity, profit participation or similar rights with respect to the Company. There are no bonds, debentures, notes or other indebtedness of the Company having the right to vote or consent (or, convertible into, or exchangeable for, securities having the right to vote or consent) on any matters on which equityholders of the Company may vote. There are no voting trusts, irrevocable proxies or other contracts or understandings to which the Company is a party or is bound with respect to the voting or consent of the Membership Interest. The Company is not, nor since its formation has it been, the holder or beneficial owner of any share, debenture, mortgage, or equity security (or interest therein) in any other Person, or a member of any partnership or unincorporated association or limited liability company. The representation and warranty set forth in this Section 6.1(d) is the "**Title Representation**".

(e) Single Member LLC. The Company is a single-member limited liability company disregarded for federal income-tax purposes and treated as a division of Stratus for federal income-tax purposes.

(f) Litigation. There is no judicial, administrative or arbitral actions, suits, mediation, investigation, inquiry, proceedings or claims (including counterclaims) by or before a Governmental Body (a "**Legal Proceeding**") pending or, to the knowledge of the Seller, threatened against the Company, or to which the Company is otherwise a party

or otherwise relating to this Agreement or the transactions contemplated hereby. The Company is not subject to any Order, and the Company is not in breach or violation of any Order.

(g) Financial Statements.

(i) Seller has delivered to Purchaser copies of (i) the audited balance sheet of the Company as of December 31, 2020 and the related audited statement of operations and statement of cash flows of the Company for the year then ended and (ii) the unaudited balance sheet of the Company as of August 31, 2021 and the related unaudited operating statement of the Company for the five (5)-month period then ended (such audited and unaudited financial statements, including the related notes and schedules thereto, are referred to herein as the "**Financial Statements**"). Each of the Financial Statements is complete and correct in all material respects, has been prepared in accordance with GAAP consistently applied by the Company and presents fairly in all material respects the financial position, results of operations, and cash flows (for 2020) of the Company as of the dates and for the periods indicated therein. The unaudited balance sheet of the Company as at August 31, 2021 is referred to herein as the "**Balance Sheet**" and August 31, 2021 is referred to herein as the "**Balance Sheet Date**."

(ii) All accounts and notes receivable of the Company have arisen from bona fide transactions in the ordinary course of business. None of the accounts or notes receivable of the Company (i) are subject to any setoffs or counterclaims or (ii) represent obligations for goods sold on consignment, on approval or on a sale-or-return basis or subject to any other repurchase or return arrangement.

(iii) Except as set forth on Schedule 6.1(g)(iii), to Seller's knowledge, all of the accounts receivable shown in the Financial Statements have been collected or are good and collectible in the aggregate recorded amounts thereof (less the allowance for doubtful accounts also presented in the Financial Statements and net of returns and payment discounts allowable by the Company's policies), are aged not more than sixty (60) days, can reasonably be anticipated to be paid in full without outside collection efforts within sixty (60) days of the due date, and are not subject to counterclaims or setoffs in excess of recorded reserves.

(iv) All books, records and accounts of the Company are accurate and complete in all material respects and are maintained in all material respects in accordance with good business practice and GAAP. The Company maintains systems of internal accounting controls sufficient to provide reasonable assurances that: (i) transactions are executed in accordance with management's general or specific authorization; (ii) transactions are recorded as necessary to permit the preparation of financial statements in conformity with GAAP and to

safeguard assets; and (iii) access to assets is permitted only in accordance with management's general or specific authorization.

(h) No Undisclosed Liabilities. The Company does not have any indebtedness (other than the Goldman Loan or other indebtedness that Company shall pay in full prior to the Closing Date) or Liabilities that are required under GAAP to be reflected on a balance sheet or the notes thereto other than those (i) specifically reflected in the Balance Sheet, (ii) incurred in the ordinary course of business since the Balance Sheet Date and which, will be taken into account in the calculation of the Working Capital Adjustment or (iii) which will be paid in full on or prior to the Closing Date. To Seller's knowledge, the liabilities of the Company were incurred in the ordinary course of the Company's business. The representation and warranty set forth in this Section 6.1(h) is the "**No Undisclosed Liability Representation**".

(i) Absence of Certain Developments. Except as expressly contemplated by this Agreement or as set forth on Schedule 6.1(i), since the Balance Sheet Date, (i) the Company has conducted its business only in the ordinary course of business and (ii) there has not been any event, change, occurrence or circumstance that, individually or in the aggregate with any such events, changes, occurrences or circumstances, has had or could reasonably be expected to have a Material Adverse Effect.

(j) Taxes.

(i) All Tax Returns required to be filed by or on behalf of the Company have been duly and timely filed with the appropriate Taxing Authority in all jurisdictions in which such Tax Returns are required to be filed (after giving effect to any valid extensions of time in which to make such filings), and all such Tax Returns are true, complete and correct in all material respects; (ii) all Taxes payable by or on behalf of the Company have been fully and timely paid, and (iii) the Company has no liability for Taxes with respect to periods for which Tax Returns have been filed in excess of the amounts so paid. With respect to any period for which Tax Returns have not yet been filed or for which Taxes are not yet due or owing, the Company has made appropriate accruals for such Taxes in the Financial Statements.

(ii) The Company has complied in all material respects with all applicable Laws relating to the payment and withholding of Taxes (including Taxes and other amounts required to be withheld by it in respect of any amount paid or credited or deemed to be paid or credited by it to or for the account or benefit of any Person, including any employees, independent contractors, creditors, equity owners, officers and managers, non-resident persons and any other third parties) has duly and timely withheld and paid over to the appropriate Taxing Authority all amounts required to be so withheld and paid under all applicable Laws and has properly completed and timely filed all Forms W-2 and 1099 and all other Tax Returns required with respect thereto.

(iii) No claim has been made by a Taxing Authority in a jurisdiction where the Company does not file a Tax Return that the Company is or may be subject to taxation by that jurisdiction.

(iv) All deficiencies asserted or assessments made as a result of any examinations by any Taxing Authority of the Tax Returns of, or including, the Company have been fully paid, and there are no other audits or investigations by any Taxing Authority in progress, nor have the Seller or the Company received any notice from any Taxing Authority that it intends to conduct such an audit or investigation. No issue has been raised by a Taxing Authority in any prior examination of the Company which, by application of the same or similar principles, could reasonably be expected to result in a proposed deficiency for any subsequent taxable period.

(v) Neither the Company nor any other Person on its behalf has granted to any Person any power of attorney that is currently in force with respect to any Tax matter. The Company is currently not the beneficiary of any extension of time within which to file any Tax Return.

(vi) The Company is not a party to any tax sharing, allocation, indemnity or similar agreement or arrangement (whether or not written) pursuant to which it will have any obligation to make any payments after the Closing.

(vii) The Company is not subject to any private letter ruling of the IRS or comparable rulings of any Taxing Authority.

(viii) There are no liens as a result of any unpaid Taxes upon any of the assets of the Company.

(ix) There is no taxable income of the Company that will be required under applicable Tax Law to be reported by the Purchaser or any of its Affiliates, including the Company, for a taxable period beginning after the Closing Date which taxable income was realized (and reflects economic income) arising prior to the Closing Date.

(x) The Company does not have, and has never had, a permanent establishment in any country other than the United States, or has engaged in a trade or business in any country other than the United States that subjected it to Tax in such country.

(xi) The Company has not waived any statute of limitations with respect to Taxes or agreed to any extension of time with respect to the assessment or collection of Taxes which have not been paid.

(xii) The Company has not requested, offered to enter into or entered into any agreement or other arrangement, or executed any waiver, providing for any extension of time within which: (i) to file any Tax Return for which the

Company is or may be liable; (ii) to file any elections, designations or similar filings relating to Taxes for which the Company is or may be liable; (iii) the Company is required to pay or remit any Taxes or amounts on account of Taxes; or (iv) any Taxing Authority may assess or collect Taxes for which the Company is or may be liable.

(xiii) The Company has not made, prepared or filed any elections, designations or similar filings relating to Taxes or entered into any agreement or other arrangement in respect of Taxes or Tax Returns that has effect for any period ending after the Closing Date.

(xiv) Except as set forth on Schedule 6.1(j)(xiv), there are no proceedings, investigations, audits or claims now pending or, to the Seller's knowledge, threatened against the Company in respect of any Taxes and there are no matters under discussion, audit or appeal with any Governmental Body relating to Taxes.

(xv) The Company has collected all sales, value-added or use Taxes required to be collected and has remitted, or will remit on a timely basis, such amounts to the appropriate Governmental Body (or has timely and properly collected and maintained all resale certificates, exemption certificates and other documentation required to qualify for any exemption from the collection or payment of sales or use Taxes imposed or due in connection with the business of such Company).

(xvi) The Company has, or prior to the Closing Date will have, timely filed with the appropriate Governmental Body all abandoned or unclaimed property reports required to be filed by or with respect to it, either separately or as part of an affiliated group of entities, pursuant to the Laws of any Governmental Body with authority over such Company or its assets or business, and such reports were correct and complete in all material respects when filed. As of the Closing Date, the Company has properly paid over (or escheated) to such Governmental Body all sums constituting abandoned property (including any uncashed checks and unclaimed wages) for purposes of any unclaimed property laws applicable to such Company. The Company does not purge its records of uncashed checks other than in compliance with applicable Law. With respect to property for which the dormancy period may be running as of the Closing Date, the Company has reserved sufficient sums to pay over (or escheat) to the appropriate Governmental Body all amounts that may become due in the future.

The representations and warranties set forth in this Section 6.1(j) are the "**Tax Representations**."

(k) Tangible Personal Property.

(i) The Company does not own, and has never owned, any real property. Except for (i) tangible personal property owned by Stratus Block 21 and used by the Company that will be transferred to Purchaser under the Stratus Block 21 Contract; (ii) tangible personal property owned by KLRU (as defined in the Stratus Block 21 Contract) and used by the Company in accordance with the KLRU Agreement (as defined in the Stratus Block 21 Contract); and (iii) equipment owned by Ticketmaster L.L.C. and used by the Company in accordance with the Ticketmaster User Agreement between the Company and Ticketmaster L.L.C. dated effective as of November 11, 2019, the Company has good and marketable title to all of the items of tangible personal property that are owned and used in the business of the Company and proposed to be retained by the Company subsequent to the Closing Date, free and clear of any and all liens, other than the under the Goldman Loan. To Seller's knowledge, all such items of tangible personal property which, individually or in the aggregate, are material to the operation of the business of the Company are in good condition and in a state of good maintenance and repair (ordinary wear and tear excepted) and are suitable for the purposes used.

(ii) Schedule 6.1(k)(ii) sets forth all leases of personal property involving periodic payments by the Company relating to personal property proposed to be retained by the Company subsequent to the Closing Date ("**Personal Property Leases**"). All such items of personal property under the Personal Property Leases are in good condition and repair (ordinary wear and tear excepted) and are suitable for the purposes used, and such property is in all material respects in the condition required of such property by the terms of the lease applicable thereto during the term of the lease.

(iii) Each of the Personal Property Leases is in full force and effect and the Company has not received or given any notice of any default or event that with notice or lapse of time, or both, would constitute a default by the Company under any of the Personal Property Leases and, to the Knowledge of Seller , no other party is in default thereof, and no party to the Personal Property Leases has exercised any termination rights with respect thereto.

(l) Intellectual Property. Schedule 6.1(l) sets forth an accurate and complete list of all patents, trademarks and copyrights owned by the Company and the jurisdictions in which each such item has been issued or registered or in which any such application for such issuance and registration has been filed. The Company has the right to use, sell and license, as the case may be, all other intellectual property used, sold or licensed by the Company in its businesses as presently conducted. The Company's use of the intellectual property owned, used, practiced or otherwise commercially exploited by the Company in connection with the business as presently conducted does not infringe, violate or constitute an unauthorized use or misappropriation of any patent, copyright, trademark, trade secret or other intellectual property or similar right of any Person (including with respect to BMI, ASCAP or SESAC). The intellectual property owned or licensed to the Company includes all intellectual property rights used by the Company to conduct its business in the manner in which such business is currently being conducted. Except with

respect to licenses of commercial off-the-shelf software, and except pursuant to the intellectual property licenses included in the Material Contracts (as defined below), the Company is not required, obligated or under any liability to make any payments by way of royalties, fees or otherwise or provide any consideration of any kind to any Person relating thereto.

(m) Material Contracts.

(i) Schedule 6.1(m) sets forth all of the following contracts to which the Company is a party as of the date hereof or by which any of its assets of properties are bound (collectively, the "**Material Contracts**"):

(A) contracts with Seller or Affiliate thereof or any current or former employee of the Company;

(B) contracts with any labor union or association representing any employee of the Company;

(C) contracts for the sale of any of the assets of the Company other than in the ordinary course of business or for the grant to any Person of any preferential rights to purchase any of its assets;

(D) contracts for joint ventures, strategic alliances, partnerships, licensing arrangements, or sharing of profits or proprietary information;

(E) contracts containing covenants of the Company not to compete in any line of business or with any Person in any geographical area or not to solicit or hire any person with respect to employment or covenants of any other Person not to compete with the Company in any line of business or in any geographical area or not to solicit or hire any person with respect to employment;

(F) contracts relating to the acquisition (by merger, purchase of stock or assets or otherwise) by the Company of any operating business or material assets or equity securities of any other Person;

(G) contracts relating to the incurrence, assumption or guarantee of any indebtedness or imposing a lien on any of the assets of the Company;

(H) contracts providing for payments by or to the Company in excess of $25,000 in any fiscal year or $50,000 in the aggregate during the term thereof;

(I) contracts under which the Company has made advances or loans to any other Person;

(J) contracts providing for severance, retention, change in control or other similar payments;

(K) contracts for the employment of any individual on a full-time, part-time or consulting or other basis providing annual compensation in excess of $75,000;

(L) management contracts and contracts with independent contractors or consultants (or similar arrangements) that are not cancelable without penalty or further payment and without; more than 30 days' notice;

(M) licenses for any intellectual property that is material to the operation of the business of the Company as currently conducted; and

(N) outstanding contracts of guaranty, surety or indemnification, direct or indirect, by the Company.

Each of the Material Contracts is in full force and effect and is the legal, valid and binding obligation of the Company, and to Seller's knowledge, of the other parties thereto enforceable against each of them in accordance with its terms and, upon consummation of the transactions contemplated by this Agreement, shall, except as otherwise stated in Schedule 6.1(m), to Seller's knowledge, continue in full force and effect without penalty or other adverse consequence. The Company is not in default under any Material Contract, nor, to the knowledge of Seller, is any other party to any Material Contract in breach of or default thereunder, and to Seller's knowledge, no event has occurred that with the lapse of time or the giving of notice or both would constitute a breach or default on the part of the Company or any other party thereunder. No party to any of the Material Contracts has exercised any termination rights with respect thereto, and no party has given notice of any significant dispute with respect to any Material Contract. The Company has delivered to Purchaser true, correct and complete copies of all of the Material Contracts, together with all amendments, modifications or supplements thereto.

(n) Compliance with Laws; Permits. The Company is in compliance in all material respects with all Laws applicable to its business, operations or assets. The Company has not received any written notice of or been charged with the violation of any Laws. The Company currently has all Permits which are required for the operation of its businesses as presently conducted, other than those the failure of which to possess is immaterial. To Seller's knowledge, the Company is not in default or violation, and no event has occurred which, with notice or the lapse of time or both, would constitute a default or violation, in any material respect of any term, condition or provision of any Company Permit. To Seller's knowledge, none of such Permits will be impaired or in any way affected by the consummation of the transactions contemplated by this Agreement.

(o) Labor. The Company is not a party to any labor or collective bargaining agreement and there are no labor or collective bargaining agreements which pertain to its employees and none of its employees are represented by any labor organization. No labor organization or group of employees has made a pending demand for recognition, and there are no representation proceedings or petitions seeking a representation proceeding presently pending or, to the knowledge of Seller, threatened to be brought or filed, with the National Labor Relations

Board or other labor relations tribunal. There is no organizing activity involving the Company pending or, to the knowledge of Seller, threatened by any labor organization or group of the Company's employees. The Company is not a member of in any employers' association or organization. No employers' association or organization has made any demand for payment of any kind from the Company. There have been no (i) strikes, work stoppages, slowdowns, lockouts or arbitrations or (ii) material grievances or other labor disputes pending or, to the knowledge of Seller, threatened against or involving the Company. There have been no unfair labor practice charges, grievances or complaints pending or, to the knowledge of Seller, threatened by or on behalf of any the Company's employees. The Company has not received notice of the intent of any Governmental Body responsible for the enforcement of labor or employment Laws to conduct an investigation of the Company and, to the knowledge of Seller, no such investigation is in progress. The Company has been in compliance in all material respects with all applicable Laws relating to employment, including (i) those relating to employment, termination of employment, terms and conditions of employment, minimum wages, overtime and overtime payment, payslips, and working during rest days; (ii) all such Laws relating to wages, hours, the WARN Act and any similar state or local "mass layoff" or "plant closing" Law, collective bargaining, discrimination, civil rights, safety and health, workers' compensation and the collection and payment of withholding and/or social security taxes and any similar tax except for immaterial non-compliance. There has been no "mass layoff" or "plant closing" (as defined by the WARN Act) with respect to the Company within the six (6) months prior to Closing. Seller has separately delivered to Purchaser a schedule that sets forth the name, current annual salary (or rate of pay) and prior year monetary bonus paid to each employee and contractor (including each of the key employees, contractors, and essential management personnel of the Company referred to in Section 7.3) of the Company.

(p) Employee Benefits Plans.

(i) Schedule 6.1(p)(i) sets forth a correct and complete list, as of the date hereof, of: (A) all "employee benefit plans" (as defined in Section 3(3) of ERISA), and all other employee benefit plans, programs, agreements, policies, arrangements or payroll practices, including bonus plans, employment, consulting or other compensation agreements, collective bargaining agreements, incentive, equity or equity-based compensation, or deferred compensation arrangements, change in control, termination or severance plans or arrangements, stock purchase, severance pay, sick leave, vacation pay, salary continuation for disability, hospitalization, medical insurance, life insurance and scholarship plans and programs maintained by the Company or to which the Company contributed or is obligated to contribute thereunder for current or former employees of the Company (collectively, the "**Company Plans**"), and (B) all "employee pension plans" (as defined in Section 3(2) of ERISA, subject to Title IV of ERISA or Section 412 of the Code, maintained by the Company or any of its Affiliates and any trade or business (whether or not incorporated) that is or has ever been under common control, or that is or has ever been treated as a single employer, with any of them under Section 414(b), (c), (m) or (o) of the Code (each, an "**ERISA Affiliate**") or to which the Company or any ERISA Affiliate contributed or has ever been obligated to contribute thereunder (the "**Title IV Plans**").

(ii) Correct and complete copies of the following documents, with respect to each of the Company Plans (other than a multiemployer plan), have been made available or delivered to Purchaser by Seller, to the extent applicable: (A) any plans, all amendments thereto and related trust documents, insurance contracts or other funding arrangements, and amendments thereto; (B) Forms 5500, all schedules thereto and related actuarial reports, if any; for the most recent three (3) years, (C) the most recent IRS determination, advisory or opinion letter; (D) summary plan descriptions; (D) written communications to employees relating to the Company Plans; and (E) written descriptions of all non-written agreements relating to the Company Plans.

(iii) Each Company Plan has been administered in all material respects in accordance with its terms, and each of the Company and the ERISA Affiliates has in all material respects met its obligations with respect to each Company Plan and has made all required contributions thereto. The Company, each ERISA Affiliate and each Company Plan are in compliance in all material respects, including all notice requirements, with the currently applicable provisions of ERISA and the Code and the regulations thereunder (including Section 4980B of the Code, Subtitle K, Chapter 100 of the Code and Sections 601 through 608 and Section 701 et seq. of ERISA) and, if applicable, state Law and no Tax payable on account of Section 4980B of the Code has been or to Seller's knowledge is expected to be incurred. Each such plan that is subject to the Health Insurance Portability and Accountability Act of 1996, as amended ("**HIPAA**") has been administered in compliance, in all material respects, with HIPAA, including all notice, privacy and security requirements. Each such plan that is subject to the Patient Protection and Affordable Care Act of 2010, as amended (the "**Affordable Care Act**") has been maintained and administered in compliance, in all material respects, with the Affordable Care Act, including all notice and coverage requirements, and no Tax, penalty or other Liability (whether or not assessed) has been or could reasonably be expected to be incurred as a result of the application of the Affordable Care Act to such Company Plan. All filings and reports as to each Company Plan required to have been submitted to the IRS or to the United States Department of Labor have been duly submitted. No Company Plan has assets that include securities issued by the Company or any ERISA Affiliate.

(iv) With respect to each Company Plan: (A) there are no pending, or to knowledge of Seller, threatened or unresolved claims, disputes or Legal Proceedings under the terms of, or in connection with, each Company Plan or such Company Plan's trust or any of its assets, or against any fiduciary of an Company Plan with respect to such Company Plan, other than routine claims for benefits which are payable in the ordinary course of business; (B) there has not been any non-exempt "prohibited transaction" (within the meaning of Section 406 of ERISA or Section 4975 of the Code) with respect to any Company Plan or, to the knowledge of Seller, breaches of any of the duties imposed on the Company "fiduciaries" (whether or not within the meaning of Section 3(21) of ERISA) under ERISA or the Law of any applicable jurisdiction with respect to any Company Plan for which the Company or any ERISA Affiliate could have any liability or obligation (except as has already been satisfied), and, to the knowledge of Seller, no other condition exists with respect to any Company Plan that could result in the

Company or any ERISA Affiliate becoming liable directly or indirectly (by indemnification or otherwise) for any excise tax or penalty under the Code or ERISA or for any other liability, except as has already been satisfied; (C) no litigation has been commenced with respect to any Company Plan or its assets and, to the knowledge of Seller, no such litigation is threatened (other than routine claims for benefits in the ordinary course of business); and (D) neither the Company nor any ERISA Affiliate has received notice that there are any matters pending or threatened in connection with any Company Plan before the IRS, the Department of Labor, the Pension Benefit Guaranty Corporation or any other Governmental Body, and there have been no such investigations or audits that have been concluded that resulted in any liability to the Company of any ERISA Affiliate which has not been fully discharged.

(v) For each Company Plan that is intended to satisfy the provisions of Section 401(a) of the Code, (A) the Company has obtained a favorable determination letter, opinion letter or advisory letter from the IRS to such effect, (B) to knowledge of Seller, none of the determination letter, opinion letter or advisory letter has been revoked by the IRS, nor has the IRS given any inclination to the Company that it intends to revoke any such determination letter, opinion letter or advisory, (C) each Company Plan which is required to satisfy 401(k)(3) or Section 401(m)(2) of the Code has been tested for compliance with, and satisfies the requirements of Section 401(k)(3) and Section 401(m)(2) of the Code, if applicable, through December 31, [2020], and (D) no act or omission has occurred since the date of the most recent determination letter, opinion letter or advisory letter which would materially affect its qualification.

(v) Neither the Seller nor any ERISA Affiliate currently (or in the last six years) maintains, sponsors, participates in, contributes to, or has an obligation to contribute to, or otherwise had or has any Liability, including any contingent liability, with respect to, (A) any defined benefit plan (as defined in Section 3(35) of ERISA) or any other plan that is or was subject to Title IV or Section 302 of ERISA or Section 412 of the Code, (B) any "multiemployer plan" (as defined in Sections 4001(a)(3) and 3(37)(A) of ERISA), (C) any "multiple employer plan" (within the meaning of Section 210 of ERISA or Section 413(c) of the Code) or (D) a "multiple employer welfare arrangement" (as such term is defined in Section 3(40) of ERISA). Neither the Seller nor any ERISA Affiliate has any Liability by reason of at any time being treated as a single employer with any other Person under Section 414 of the Code. Purchaser will not have (x) any obligation to make any contribution to any multiemployer plan or (y) any withdrawal liability from any multiemployer plan under Section 4201 of ERISA, which it would not have had but for the consummation of the transactions contemplated by this Agreement.

(vi) Each Company Plan has been established, maintained, operated and administered in all material respects in compliance with its terms and with all applicable Laws, including ERISA and the Code and the regulations of any applicable jurisdictions. All reports, returns and similar documents required to be filed with any Governmental Body have been duly filed. Within the last three years, Seller and its ERISA Affiliates

have not participated in any voluntary compliance or self-correction programs established by the IRS with respect to any Company Plan for which full correction has not been effectuated, or entered into a closing agreement with the IRS with respect to the form or operation of any Company Plan for which all liabilities and obligations to such Company Plan and any corresponding participants and beneficiaries have not been satisfied.

(vii) There are no unfunded obligations under any Company Plan providing benefits after termination of employment to any employee of Seller (or to any beneficiary of any such employee), including retiree health coverage and deferred compensation, but excluding continuation of health coverage required to be continued under Section 4980B of the Code or other applicable Law and insurance conversion privileges under state law. The assets of each Company Plan which is funded are reported at their fair market value on the books and records of such Company Plan.

(viii) Each Company Plan which is a "non-qualified deferred compensation plan" (as such term is defined in Section 409A(d)(1) of the Code) complies, in all material respects, with the requirements of Section 409A of the Code and final regulations issued and outstanding thereunder. Schedule 6.1(p)(viii) identifies each Company Plan that is subject to Section 409A of the Code.

(ix) All contributions, premiums and other payments to or under or in connection with the Company Plans or any contracts or agreements relating thereto that are due and owing or required to have been made under such Company Plans on or before the Closing in accordance with the terms of such plans, ERISA, or the Code have been timely made by the due date thereof, and all such contributions, premiums and other payments required to be made following the date hereof, but on or prior to the Closing Date, have been properly accrued and reflected on the latest balance sheet. No Company Plan is or at any time was funded through a "welfare benefit fund" as defined in Section 419(e) of the Code, and no benefits under any Company Plan are or at any time have been provided through a voluntary employees' beneficiary association (within the meaning of Section 501(c)(9) of the Code) or a supplemental unemployment benefit plan (within the meaning of Section 501(c)(17) of the Code).

(xi) Except as provided in Schedule 6.1(p)(xi), each Company Plan is amendable and terminable unilaterally by the Company at any time without liability or expense to the Company or such Company Plan as a result thereof (other than for benefits accrued through the date of termination or amendment and reasonable administrative expenses related thereto) and no Company Plan, plan documentation or agreement, summary plan description or other written communication distributed generally to employees by its terms prohibits the Company from amending or terminating any such Company Plan.

(xii) Schedule 6.1(p)(xii) discloses each: (A) agreement with any executive officer or other key employee of the Company (I) the benefits of which are contingent, or the terms of which are altered, upon the occurrence of a transaction involving the Company of the nature of any of the transactions contemplated by this Agreement,

(II) providing any term of employment or compensation guarantee or (III) providing severance benefits or other benefits after the termination of employment of such executive officer or key employee; (B) agreement, plan or arrangement under which any Person may receive payments from the Company that may be subject to the tax imposed by Section 4999 of the Code or included in the determination of such Person's "parachute payment" under Section 280G of the Code; and (C) agreement or plan, including any severance benefit plan or other Company Plan, any of the benefits of which will be increased, or the vesting of the benefits of which will be accelerated, by the occurrence of any of the transactions contemplated by this Agreement or the value of any of the benefits of which will be calculated on the basis of any of the transactions contemplated by this Agreement.

(xiii) All amendments and actions required to bring the Company Plans into conformity in all material respects with all of the applicable provisions of the Code, ERISA and other applicable Laws have been made or taken. Any bonding required with respect to the Company Plans in accordance with applicable provisions of ERISA has been obtained and is in full force and effect.

(xiv) Schedule 6.1(p)(xiv) sets forth the policy of the Seller with respect to accrued vacation and earned time off.

(xv) No insurance policy or any other contract affecting any Company Plan requires or permits a retroactive increase in premiums or payments thereunder. The level of insurance reserves under each insured Company Plan and any stop-loss insurance policy issued in connection with any Company Plan is reasonable and sufficient to provide for all incurred but unpaid claims and claims reasonably expected to be incurred and reported.

(xvi) Purchaser will incur no liability (including "successor liability," as that term may be defined by any court of law), cost or expense arising from, or with respect to, any Company Plans, or any other similar plan or arrangement maintained, or contributed to, by the Company or any ERISA Affiliate. Neither the Company nor any ERISA Affiliate has any duty or obligation to indemnify or hold another Person harmless for any liability attributable to any acts or omissions by such Person with respect to any Company Plan or any ERISA Affiliate plan.

(q) Insurance. The Company has insurance policies in full force and effect (a) for such amounts as are sufficient for all requirements of Law and all agreements to which the Company is a party or by which it is bound, and (b) which are in such amounts, with such deductibles and against such risks and losses, as are reasonable for the business, assets and properties of the Company.

(r) Related Party Transactions. Except as set forth on Schedule 6.1(r), no employee, officer, or member of the Company, any member of his or her immediate family or any of their respective Affiliates ("**Related Persons**") (i) owes any amount to the Company nor does the Company owe any amount to, or has the Company committed to make any loan or extend or

guarantee credit to or for the benefit of, any Related Person, (ii) is involved in any business arrangement or other relationship with the Company (whether written or oral), (iii) owns any property or right, tangible or intangible, that is used by the Company, (iv) has any claim or cause of action against the Company or (v) owns any direct or indirect interest of any kind in, or controls or is a director, officer, employee or partner of, or consultant to, or lender to or borrower from or has the right to participate in the profits of, any Person which is a competitor, supplier, customer, landlord, tenant, creditor or debtor of the Company.

(s) Certain Payments. Neither the Company nor Seller nor, to the knowledge of Seller, any director, manager, officer, employee, or other Person associated with or acting on behalf of any of them, has directly or indirectly (a) made any contribution, gift, bribe, rebate, payoff, influence payment, kickback, or other payment to any Person, private or public, regardless of form, whether in money, property, or services in violation of Law (i) to obtain favorable treatment in securing business for the Company, (ii) to pay for favorable treatment for business secured by the Company, or (iii) to obtain special concessions or for special concessions already obtained, for or in respect of the Company, or (b) established or maintained any fund or asset with respect to the Company that has not be recorded in the books and records of the Company.

(t) Insolvency. No insolvency proceedings of any kind have been filed against the Company and the Company has not stopped payment and is not insolvent or unable to pay its debts as and when they fall due.

(u) Knowledge. All references in this Section 6.1 or elsewhere in this Agreement and/or in any other document or instrument executed by Seller in connection with or pursuant to this Agreement, to "Seller's knowledge" or "to the knowledge of Seller" and words of similar import shall refer to facts within the current actual knowledge, each of (i) William H. Armstrong, III, in his capacity as chief executive officer of Stratus Properties Inc. ("**Stratus**"), an affiliated entity that owns Seller, (ii) Erin Pickens, in her capacity as chief financial officer of Stratus and (iii) Colleen Fischer, in her capacity as General Manager of the Company (collectively the "**Seller Representative**"). Nothing in this Section 6.1 or the remainder of this Agreement shall imply or impose any duty of investigation or inquiry upon Seller or the Seller Representative, or give rise to any personal liability on the part of the Seller Representative.

6.2 Express Warranties. The warranties and representations of Seller set out in this Section 6.2 and elsewhere in this Agreement, plus the representations and warranties set forth in the documents delivered by Seller at closing are referred to in this Agreement collectively as the "**Express Warranties**". Further, and notwithstanding any provision in this Agreement to the contrary, Purchaser hereby acknowledges and agrees that: (i) Purchaser has independently caused the Membership Interests and property owned by the Company to be inspected on Purchaser's behalf prior to the Effective Date; (ii) Purchaser has not entered into this Agreement based on any representation, warranty, agreement, statement or expression of opinion by Seller or by any person or entity acting or allegedly acting for or on behalf of Seller, other than the Express Warranties; (iii) Purchaser hereby disclaims any reliance upon any promises or agreements of Seller other than the Express Warranties; (iv) the Express Warranties are given by Seller and accepted by Purchaser subject to all matters that appear in or are disclosed by this

Agreement and Purchaser's own due diligence (all of such matters being referred to in this Agreement collectively, the "**Disclosed Matters**"); and (v) if Purchaser closes the acquisition of the Membership Interests, Purchaser will be deemed to have accepted the Membership Interests subject to all of the Disclosed Matters (such Disclosed Matters, together with all matters arising out of or relating to any promises and agreements or alleged promises or agreements of Seller, other than the Express Warranties, being referred to in this Agreement collectively as the "**Disclaimed Matters**").

6.3 Assets Taken "AS IS". As a material part of the consideration for this agreement, Purchaser agrees and acknowledges that: (1) except as with respect to the Express Warranties, Purchaser is taking the property of the Company "AS-IS", with any and all latent and patent defects, and without any express or implied warranties of any kind; (2) except only with respect to the Express Warranties, there is no warranty by Seller that the property of the Company is fit for any particular purpose; (3) except only with respect to the Express Warranties, Purchaser is not relying on the accuracy or completeness of any representation, brochure, rendering, promise, statement or other assertion or information with respect to the Membership Interests or the property of the Company made or furnished by or on behalf of, or otherwise attributed to, Seller or any of Seller's agents, employees and representatives, any and all such reliance being hereby expressly and unequivocally disclaimed; (4) except only with respect to the Express Warranties, Purchaser is relying solely and exclusively upon its own experience and its independent judgment, evaluation and examination of the Membership Interests and property of the Company; (5) except only with respect to the Express Warranties, Purchaser disclaims the existence of any duty to disclose on the part of Seller and Seller's agents, employees and representatives and Purchaser further disclaims any reliance on the silence of Seller and Seller's agents, employees and representatives; (6) Purchaser takes and accepts the property subject to the Disclaimed Matters; (7) Purchaser releases Seller from any and all liabilities, obligations, claims and causes of action of any kind or nature, for, concerning or regarding the Disclaimed Matters (including without limitation all liability for contribution and indemnity), regardless of whether such liability arises under contract, statute or otherwise; (8) this "AS IS" provision was freely negotiated and played an important part in the bargaining process for this Agreement; (9) except only with respect to the Express Warranties, Purchaser disclaims reliance on Seller and accepts the property of the Company "as-is" with full awareness that the Company's property prior uses and other disclaimed matters could affect the property's condition, value, suitability and fitness and purchaser hereby assumes all risk associated therewith; (10) the disclaimers of reliance, releases, and other provisions contained in this "as is" provision could limit any legal recourse or remedy purchaser otherwise might have; (11) Purchaser has relied upon the advice of its own legal counsel concerning this "AS IS" provision; and (12) this "AS IS" provision will survive closing and will not merge with the assignment or any of the other documents delivered at the Closing.

6.4 Change in Circumstances. If Seller receives or gains knowledge of any facts or circumstances, that Seller will not cure prior to the Closing Date and that would make any of the Express Warranties or any of the covenants made by Seller under this Agreement inaccurate, incomplete or unperformable in any material respect, Seller shall promptly notify Purchaser in writing of the existence of such facts and circumstances, and (so long as such facts and circumstances have not been created by Seller or someone under the control of Seller).

Purchaser must, within five (5) business days after Purchaser's receipt of such notice, either: (i) accept such modified representation, warranty or covenant as Seller may then give consistent with the facts and circumstances set out in Seller's notice and close under this Agreement, waiving Purchaser's rights to object to any matters which are not covered by such modified representation, warranty or covenant; or (ii) terminate this Agreement, as Purchaser's sole and exclusive remedy and receive a return of the Earnest Money. If Purchaser fails to deliver to Seller a written notice within the five (5) business day period referenced in the immediately preceding sentence, then Purchaser shall be deemed to have elected option (i) in the immediately preceding sentence.

6.5 Breach and Cure Prior to Closing Date. Notwithstanding any provision in this Agreement to the contrary: (i) in the event of a breach by Seller under Section 6.1 of this Agreement, Purchaser will have no right to terminate this Agreement unless such breach has a material and adverse effect on the Membership Interests (herein meaning, any breach by Seller which either results in damages in excess of $100,000.00 or adversely interferes with Purchaser's ability to continue its operation of the business of the Company in substantially the same manner as presently conducted); and (ii) in the event of any other breach by Seller under Section 6.1, Seller may, at Seller's option and election, and at Seller's sole costs and expense, remedy or remove the conditions giving rise to such default and, if necessary, extend the Closing Date for a reasonable period of time not to exceed thirty (30) days, and if Seller provides a cure under the preceding clause, then Purchaser will have no right to terminate this Agreement or exercise any other rights or remedies under this Agreement.

6.6 Purchaser Representations. Purchaser represents and warrants to Seller the following:

(a) Authority. The execution, delivery and performance of this Agreement by Purchaser and the consummation of the transactions contemplated by this Agreement have been duly and validly authorized by all requisite action of Purchaser, and no other proceedings on the part of Purchaser are necessary to authorize the execution, delivery or performance of this Agreement by Purchaser. This Agreement has been duly and validly executed and delivered by Purchaser, and, assuming this Agreement is a valid and binding obligation of Seller, this Agreement constitutes a valid and binding obligation of Purchaser, enforceable against Purchaser in accordance with its terms, subject to bankruptcy, insolvency, reorganization, moratorium and similar Laws relating to or affecting creditors' rights or to general principles of equity.

(b) Investment Representations. Purchaser is acquiring the Membership Interests described in this Agreement for Purchaser's own account with the present intent to hold such securities for investment purposes and not with a view to, or for sale in connection with, any distribution of such securities in violation of any federal or state securities Laws. Purchaser understands that none of the Membership Interests has been registered under the Securities Act of 1933, as amended (the "**Securities Act**"), and the rules and regulations issued pursuant thereto, or the securities Laws of any state and must be held by Purchaser indefinitely unless subsequently registered under the Securities Act and any applicable state securities Laws or unless an exemption from registration becomes or is available. Purchaser is knowledgeable about the industries in which the Company operates and is capable of evaluating the merits and

risks of the transactions contemplated by this Agreement and is able to bear the substantial economic risk of such investment for an indefinite period of time. Purchaser has such knowledge, experience, and skill so that Purchaser is capable of evaluating the merits and risks of and is sophisticated as to an investment in the Membership Interests. No guarantees have been made to Purchaser or can be made with respect to the future value, if any, of the Membership Interests or the profitability or success of the business of the Company. Purchaser recognizes the risk of holding an investment in the Company indefinitely and the high degree of risk of loss, which may result in the loss of the total amount of the investment.

(c) Investigations. Purchaser has had the opportunity to visit with Seller and the Company and meet with the officers and other representatives of the Company to discuss the business, assets, liabilities, financial condition, and operations of the Company, and has received all materials, documents, and other information that Purchaser deems necessary or advisable to evaluate the Company and the Membership Interests and has made Purchaser's own independent examination, investigation, analysis, and evaluation of the Company and the Membership Interests, including Purchaser's own estimate of the value of the Membership Interests. Purchaser has undertaken such due diligence (including a review of the properties, liabilities, books, records, and contracts of the Company) as Purchaser deems adequate. In making Purchaser's determination to consummate the transactions contemplated by this Agreement, Purchaser has relied solely on (i) the representations and warranties of Seller contained herein, and (ii) the results of Purchaser's own independent due diligence, investigation, and verification, without reliance on Seller, or any information or materials provided by Seller or any representative of the Company, except for the representations and warranties of Seller expressly set forth in Section 6.1.

(d) Solvency. Immediately after giving effect to the transactions contemplated by this Agreement, Purchaser will be able to pay Purchaser's debts as they become due and will own property that has a fair saleable value greater than the amounts required to pay its debts (including a reasonable estimate of the amount of all contingent liabilities). No transfer of property is being made and no obligation is being incurred in connection with the transactions contemplated by this Agreement with the intent to hinder, delay, or defraud either present or future creditors of Purchaser or the Company.

(e) No Knowledge of Misrepresentations or Omissions. Purchaser does not have any knowledge that the representations and warranties of Seller in this Agreement are not true and correct in all material respects.

VII.
Additional Agreements

7.1 Cash at Closing. The Parties acknowledge and agree that at or before the Closing, Seller intends to cause the Company distribute to Seller an aggregate amount of Cash estimated by Seller to bring the Working Capital balance of the Company on the Closing Date to the Target Working Capital (after payment of the Closing Bonuses, as defined below, and any applicable withholding Tax obligations of the Company).

7.2 Closing Bonuses. At or immediately before the Closing, Seller may, but will not be obligated to, cause the Company to pay (at or before the Closing) certain employees and/or contractors of the Company determined by Seller discretionary, compensatory bonuses in amounts determined by Seller (the "**Closing Bonuses**").

7.3 Employment Matters. The continued employment and engagement of the Company's key employees and essential management personnel and key contractors is important to Seller. The key employees and essential management personnel are all of the individuals listed as employees in the Schedule referenced in the last sentence of Section 6.1(o) (the "**Employees**"). The key contractors are all of the individuals listed as contractors in the Schedule referenced in the last sentence of Section 6.1(o) (the "**Contractors**"). Without creating any third-party rights in the Employees to continue to be employed by the Company or the Contractors to continue to be engaged by the Company, for a minimum of six (6) months after Closing (the "**Comparable Benefit Period**"), Purchaser will cause the Company to (i) offer to the Employees an employment package consisting of (A) base salary, commission structures and bonus opportunities reasonably comparable to those provided by the Company for the twelve (12) months prior to Closing, and (B) 401(k) plan, life insurance, disability insurance, medical, vision, and dental coverage and other employee benefit plans, programs, policies, and arrangements, on a basis consistent with that provided to the other employees of Purchaser in similar positions. and (ii) offer to the Contractors a payment structure reasonably comparable to those provided by the Company for the twelve (12) months prior to Closing. During the Comparable Benefit Period, the Employees and the Contractors may not be terminated except for cause. Each Employee will receive credit for such Employee's prior service with the Company for purposes of eligibility and vesting under all of Purchaser's employee benefit plans. Employees of the Company currently participate in the 401(k) plan sponsored by Stratus. The Company is a "Participating Employer" in Stratus' 401(k) plan. Seller and Purchaser will cooperate in good faith to transition all employees of the Company participating in Stratus' 401(k) plan to Purchaser's 401(k) plan after Closing. During the Comparable Benefit Period, Purchaser will continue to utilize the seven employees of Stratus or its Affiliates that have performed part-time services for the Company and will reimburse Stratus for such part-time service, all in a manner and at the reimbursement rates consistent with the Company's past practices.

7.4 Tax Treatment. Seller and Purchaser agree that the transactions contemplated by this Agreement will be treated for U.S. federal income-Tax purposes as a taxable sale by Seller and a purchase by Purchaser of the assets of the Company.

7.5 Tax Matters. Before filing any Tax Returns for the Company related to the 2020 or 2021 calendar years or any amendments to Tax Returns for prior periods, Purchaser will cause the Company to deliver to Seller for approval, which approval will not be unreasonably withheld or delayed, drafts of the Tax Returns or amendments, as applicable, to be filed for such period thirty (30) days or more before such returns are due. Seller may review and comment on such Tax Returns and Purchaser will cause the Company to, and the Company will, consider in good faith all reasonable revisions requested by Seller.

7.6 Texas Franchise Tax Combined Reporting.

(a) Combined Group Returns. The Company files its Texas state franchise tax returns on a combined basis with Seller and certain Affiliates of Seller (the "**Seller Combined Group**"). Seller will cause the Seller Combined Group to include the Company's revenue, income, profit, loss and deductions from the period beginning on January 1, 2021 and ending at 11:59:59 p.m. on the Closing Date (the "**Pre-Closing Tax Period**") for the Seller Combined Group's Texas state franchise tax combined report for the taxable period ending December 31, 2021. Purchaser and any of its applicable Affiliates (the "**Purchaser Combined Group**"), will include the Company's revenue, income, profit, loss and deductions from the period beginning at 12:00:01 a.m. of the day immediately after the Closing Date and ending on December 31, 2021 (the "**Post-Closing Tax Period**") for the Purchaser Combined Group's Texas state franchise tax combined report for the taxable period ending December 31, 2021.

(b) Apportionment. Notwithstanding the forgoing in Section 7.6(a), if (i) the Parties mutually agree prior to filing their respective Texas state franchise tax combined report for the taxable period ending December 31, 2021, or (ii) a court or Governmental Body makes a final non-appealable determination, that the Company should have been included as a part of the Seller Combined Group or the Purchaser Combined Group for periods other than the Pre-Closing Tax Period for the Seller Combined Group or the Post-Closing Tax Period for the Purchaser Combined Group, then the Parties shall work in good faith to agree on the appropriate periods of 2021 for which the Company should be included in the Seller Combined Group or the Purchaser Combined Group, or as directed by the court or Governmental Body, as applicable (the "**Straddle Periods**"). The Party responsible for including the Company as part of its combined group for any portion of the Straddle Period shall pay any and all Texas franchise taxes associated with such inclusion during such Straddle Period. Notwithstanding the portion of the Texas franchise taxes paid by a Party pursuant to the preceding sentence, the Parties further agree to apportion the total amount of Texas franchise taxes related to the Straddle Periods and paid by the Parties pursuant to the preceding sentence based on a closing of the books method as of the end of the day on the Closing Date, such that the Seller Combined Group shall determine its Texas franchise taxes as if the Company was included as a member of the Seller Combined Group for the Pre-Closing Period and the Purchaser Combined Group shall determine its Texas franchise taxes as if the Company was included as a member of the Purchaser Combined Group for the Post-Closing Period (the "**Hypothetical Combined Taxes**"). If the Hypothetical Combined Taxes of the Seller Combined Group or the Purchaser Combined Group exceeds the actual Texas franchise taxes previously paid by such Combined Group for 2021, then such Combined Group shall pay such excess to the other Combined Group; provided, however, in no event shall such payment exceed the amount by which the other Combined Group's actual Texas franchise taxes paid by such Combined Group for 2021 exceeds its Hypothetical Combined Taxes.

(c) Notices. Each Party agrees to promptly notify the other Party in writing upon receiving any notice, claim, or information from the Texas State Comptroller or any other representative of the State of Texas of any pending claim, audit, or assessment of taxes relating to or arising from the Texas state franchise tax returns or Texas state franchise taxes of the Company or that could reasonably be expected to affect the Company for any period on or prior to the Closing Date.

(d) Cooperation and Records. Each Party agrees to promptly consult and cooperate in good faith with the other Party prior to and in connection with furnishing factual evidence and statements and responding to and/or defending any claim, audit, or assessment of taxes, interest, or penalties relating to or arising from the Texas state franchise tax returns or Texas state franchise taxes of the Company or that could reasonably be expected to affect the Company for any period on or prior to the Closing Date.

7.7 Registered Agent Change. Promptly after Closing, Purchaser will change the registered agent of the Company to a Person other than a representative of Seller.

7.8 Attorney-Client Privilege; Conflict Waiver. Each of the Parties hereto acknowledges and agrees, on its own behalf and on behalf of its directors, officers, members, shareholders, partners, employees, and Affiliates, that:

(a) Armbrust & Brown, PLLC has represented Seller and the Company (collectively, the "**Seller Group**") in connection with the negotiation, preparation, execution, and delivery of this Agreement, the Transaction Documents, and the consummation of the transactions contemplated by this Agreement. The Parties to this Agreement recognize the commonality of interest that exists among the Seller Group and the Company, and the Parties agree that the existence of such commonality of interest prior to the Closing should continue to be recognized after the Closing. Purchaser and the Company agree, that, following consummation of the transactions contemplated by this Agreement, such representation and any prior representation of the Company by Armbrust & Brown, PLLC (or any successor) (the "**Seller Group Law Firm**") will not preclude the Seller Group Law Firm from serving as counsel to the Seller Group, or any director, officer, member, shareholder, partner, or employee of the Seller Group, in connection with any litigation, claim, or obligation arising out of or relating to this Agreement, the Transaction Documents, or the transactions contemplated by this Agreement.

(b) The Seller Group Law Firm has not represented Purchaser in connection with the negotiation, preparation, execution, and delivery of this Agreement, the Transaction Documents, and the consummation of the transactions contemplated by this Agreement; and the Seller Group Law Firm has not represented the Company and has not looked out for the interests of the Company with respect to any liabilities or obligations of the Company accruing on or after the Closing Date with respect to this Agreement, the Transaction Documents, and the consummation of the transactions contemplated by this Agreement. Purchaser acknowledges and agrees that Purchaser's counsel or counsel selected by Purchaser (other than the Seller Group Law Firm) will be representing Purchaser and looking out for the interests of the Company with respect to any liabilities or obligations of the Company accruing on or after the Closing Date with respect to this Agreement, the Transaction Documents, and the consummation of the transactions contemplated by this Agreement.

(c) Purchaser and the Company will not seek or have the Seller Group Law Firm disqualified from any such representation based upon the prior representation of the Company by the Seller Group Law Firm. Each of the Parties hereto under this Agreement consents thereto and waives any conflict of interest arising from such prior representation, and each of such

Parties will cause any of its Affiliates to consent to waive any conflict of interest arising from such representation. Each of the Parties acknowledges that such consent and waiver is voluntary, that it has been carefully considered, and that the Parties have consulted with counsel or have been advised they should do so in connection herewith. The covenants, consent, and waiver contained in this Section 7.8 will not be deemed exclusive of any other rights to which the Seller Group Law Firm is entitled whether pursuant to Law, contract, or otherwise.

(d) All communications between the Seller Group or the Company, on the one hand, and the Seller Group Law Firm, on the other hand, relating to the negotiation, preparation, execution, and delivery of this Agreement, the Transaction Documents, and the consummation of the transactions contemplated by this Agreement (the "**Privileged Communications**") will be deemed to be attorney-client privileged and the expectation of client confidence relating thereto will belong solely to the Seller and will not pass to or be claimed by Purchaser or the Company. Accordingly, Purchaser and the Company will not have access to any Privileged Communications or to the files of the Seller Group Law Firm relating to such engagement and will not access such Privileged Communications from and after Closing. Without limiting the generality of the foregoing, from and after the Closing, (i) the Seller Group (and not Purchaser or the Company) will be the sole holders of the attorney-client privilege with respect to such engagement, and none of Purchaser or the Company will be a holder thereof; (ii) to the extent that files of the Seller Group Law Firm in respect of such engagement constitute property of the client, only the Seller Group (and not Purchaser nor the Company) will hold such property rights; and (iii) the Seller Group Law Firm will have no duty whatsoever to reveal or disclose any such attorney-client communications or files to Purchaser or the Company by reason of any attorney-client relationship between the Seller Group Law Firm and the Seller Group or otherwise. Notwithstanding the foregoing, in the event that a dispute arises between Purchaser or its Affiliates (including the Company), on the one hand, and a third party other than any of the Seller Group, on the other hand, and Purchaser and its Affiliates (including the Company) may assert the attorney-client privilege to prevent disclosure of confidential communications to such third party; provided, however, that neither Purchaser nor any of its Affiliates (including the Company) may waive such privilege without the prior written consent of the Seller Group, which consent will not be unreasonably withheld, conditioned, or delayed. In the event Purchaser or any of its Affiliates (including the Company) are legally required by judicial proceedings, court order, governmental order, or otherwise legally required to access or obtain a copy of all or a portion of the Privileged Communications, then Purchaser will immediately (and, in any event, within three (3) days) notify the Seller Group in writing so that the Seller Group can, at the Seller Group's expense, seek a protective order.

(e) This Section is also intended for the benefit of, and will be enforceable by, the Seller Group Law Firm. This Section will be irrevocable, and no term of this Section may be amended, waived, or modified, without the prior written consent of the Seller Group Law Firm.

7.9 Conduct of the Company Pending the Closing.

(a) Except as otherwise expressly contemplated hereby or by the Stratus Block 21 Contract, between the Effective Date and the Closing Date, Seller covenants and agrees with Purchaser that it shall cause the Company (except with the prior written consent of the Purchaser, which consent will not be unreasonably withheld, delayed, or conditioned) to:

(i) conduct its business in the ordinary course of business consistent with past practices;

(ii) use commercially reasonable efforts consistent with past practices to preserve the present business operations, organization (including employees and contractors) and goodwill of the Company and the present relationships with Persons having business dealings with the Company (including customers and suppliers);

(iii) maintain all of the tangible assets and properties of, or used by, the Company in their current condition, ordinary wear and tear excepted;

(iv) maintain insurance upon all of the properties and assets of the Company in such amounts and of such kinds comparable to that in effect on the Effective Date; and

(v) comply in all material respects with all applicable Laws.

(b) Except as otherwise expressly contemplated hereby or by the Stratus Block 21 Contract, between the Effective Date and the Closing Date, Seller covenants and agrees with the Purchaser that it shall ensure that the Company shall not (without the prior written consent of the Purchaser, which consent will not be unreasonably withheld, delayed, or conditioned, or as otherwise expressly permitted by this Agreement or the Stratus Block 21 Contract):

(i) dispose of, sell, assign, license, transfer, convey, lease or otherwise dispose of (or agree to or grant any option for any of the foregoing with respect to) any of the material properties or assets of, or used by, the Company except in the ordinary course of business consistent with past practices;

(ii) enter into any unusual or abnormal contract or commitment or grant or agree to grant any lease or third party right in respect of any properties other than in the ordinary course of business consistent with past practices, make any loan or enter into any leasing or other agreement or arrangements or payment on deferred terms;

(iii) transfer or license to any third person ownership or other rights of any intellectual property owned by the Company, or cause any such intellectual property to lapse;

(iv) terminate, breach, amend, restate, supplement or waive any material rights under any Material Contract or enter into any new contract that would be a Material Contract, other than in the ordinary course of business consistent with past practices;

(v) increase the salary or other compensation of any employee or contractor of the Company (other than increases in the ordinary course of business consistent with past practices), grant any bonus (other than bonuses in the ordinary course of business consistent with past practices), benefit or other direct or indirect compensation to any employee or consultant, or increase the coverage or benefits available under any (or create any new) Company Plan or otherwise modify or amend or terminate any such Company Plan

(vi) subject to any lien or otherwise encumber any of the properties or assets (whether tangible or intangible) of, or used by, the Company;

(vii) acquire any properties or assets other than in the ordinary course of business consistent with past practices;

(viii) cancel or compromise any debt or claim in any material respect or waive or release any material right of the Company;

(ix) enter into any labor or collective bargaining agreement of the Company or, through negotiation or otherwise, make any commitment or incur any liability to any labor organization with respect to the Company;

(x) make any investments in or loans to, or pay any fees or expenses to, or enter into or modify any contract with any Related Persons other than paying fees and expenses to Related Persons in the ordinary course of business consistent with past practices;

(xi) change or revoke any Tax election, settle or compromise any Tax claim or liability or enter into a settlement or compromise, or change (or make a request to any Taxing Authority to change) any material aspect of its method of accounting for Tax purposes;

(xii) enter into any contract, understanding or commitment that restrains, restricts, limits or impedes the ability of the Company to compete with or conduct any business or line of business in any geographic area or solicit the employment of any persons;

(xiii) take any action which would adversely affect in any material respect the ability of the parties to consummate the transactions contemplated by this Agreement;

(xiv) settle or compromise any pending or threatened Legal Proceeding;

(xv) materially change or modify its credit, collection or payment policies, procedures or practices, including acceleration of collections or receivables (whether or not past due) or fail to pay or delay payment of payables or other liabilities; or

(xvi) agree or knowingly undertake to do any of the above.

VIII.
Remedies

8.1 The Parties acknowledge and agree that Article 8 of the Stratus Block 21 Contract is incorporated herein by reference and provides the sole and exclusive provisions for remedies and indemnifications related to the breach or default of any representation, warranty, covenant or obligation contained in this Agreement.

IX.
Notices

9.1 Delivery of Notices. Any notice, communication, request, reply or advice (severally and collectively referred to as "**Notice**") in this Agreement provided or permitted to be given, made or accepted by either Party to the other must be in writing. Notice may, unless otherwise provided herein, be given or served: (a) by depositing the same in the United States Mail, certified, with return receipt requested, addressed to the Party to be notified and with all charges prepaid; or (b) by depositing the same with Federal Express or another service guaranteeing "next day delivery", addressed to the Party to be notified and with all charges prepaid; or (c) by delivering the same to such Party, or an agent of such Party by telecopy, by electronic email, or by hand delivery. Notice deposited in the United States mail in the manner hereinabove described shall be deemed effective from and after the earlier of the date of actual receipt or three (3) days after the date of such deposit. Notice given in any other manner shall be effective only if and when received by the Party to be notified. For the purposes of notice, the addresses of the Parties shall, until changed as provided below, be as follows:

Seller: Stratus Block 21 Investments, L.P.
212 Lavaca Street, Suite 300
Austin, Texas 78701
Attn: William H. Armstrong, III
Telephone No.: [intentionally omitted]
Facsimile No.: [intentionally omitted]
E-mail: [intentionally omitted]

With required copy to:
Armbrust & Brown, PLLC
100 Congress Avenue, Suite 1300
Austin, Texas 78701
Attn: Kenneth Jones
Telephone No.: [intentionally omitted]
Facsimile No.: [intentionally omitted]
E-mail: [intentionally omitted]

Purchaser: Ryman Hospitality Properties, Inc.
One Gaylord Drive
Nashville, Tennessee 37214
Attn: Mark Fioravanti
Telephone: [intentionally omitted]
Email: [intentionally omitted]

With copies to: Ryman Hospitality Properties, Inc.
One Gaylord Drive
Nashville, Tennessee 37214
Attn: Scott Lynn
Telephone: [intentionally omitted]
Email: [intentionally omitted]

And Foley Gardere
2021 McKinney Avenue, Suite 1600
Dallas, Texas 75201
Attn: Clifford J. Risman
Telephone: [intentionally omitted]
Email: [intentionally omitted]

The Parties hereto shall have the right from time to time to change their respective addresses, and each shall have the right to specify as its address any other address within the United States of America by at least five (5) days written notice to the other Party. Notwithstanding the foregoing or any other provision in this Agreement to the contrary, however, Seller may furnish any Property Information to Purchaser by sending such information to a representative of Purchaser via electronic mail or by providing Purchaser with information pursuant to which Purchaser may access the Property Information via any website or other form of file sharing arrangement established by Seller. Seller is not required to deliver the Property Information or any updates to any of the foregoing to Purchaser pursuant to the notice provisions set out above.

X.
Commissions

10.1 Commissions.

(a) Seller and Purchaser each represents and warrants to the other that there are no broker fees or sales commissions payable to any Person in connection with the transactions contemplated by this Agreement. Seller and Purchaser agree to hold harmless, defend, and indemnify each other from any and all claims, suits, liabilities, losses, costs, and expenses (including reasonable attorneys' fees and court costs) resulting from any claims made by any broker, agent, finder, or salesman for any real estate sales commission or other compensation, reimbursement or payment of any kind or nature which is alleged to be owed based upon an agreement with the indemnifying party.

(b) The obligations of the Parties contained in this Section 10.1 shall survive the Closing or any termination of this Agreement.

XI.
Miscellaneous Provisions

11.1 Survival of Covenants. The obligations, representations, warranties, covenants and agreements of the Parties set out in this Agreement shall only survive the Closing to the extent so provided in this Agreement and the Stratus Block 21 Contract.

11.2 Entire Agreement. This Agreement and the Stratus Block 21 Contract contain the entire agreement of the Parties hereto and supersedes any prior agreement regarding the Membership Interest. There are no other agreements, oral or written, between the Parties

regarding the Membership Interest and this Agreement can be amended only by written agreement signed by the Parties hereto, and by reference made a part hereof.

11.3 Binding Effect. This Agreement, and the terms, covenants, and conditions herein contained, shall be covenants running with the land and shall inure to the benefit of and be binding upon the heirs, personal representatives, successors, and assigns of each of the Parties hereto.

11.4 Effective Date. The Effective Date of this Agreement and other similar references herein are deemed to refer to the date on which this Agreement has been executed by both Seller and Purchaser.

11.5 Time. Time is of the essence in all things pertaining to the performance of this Agreement, including without limitation all dates, deadlines and periods of time referred to in this Agreement. All references in this Agreement to specific times shall mean and refer to local time in Austin, Texas.

11.6 Business Days. For purposes of this Agreement, the term "business day" or "business days" shall mean and refer to all calendar days, other than Saturdays, Sundays and days on which the U.S. Federal Reserve Bank of Dallas is closed. If any deadline set forth in this Agreement falls on a day which is not a business day or if any period of time provided for in this Agreement ends on a day which is not a business day, then the applicable deadline or period shall be extended to the first succeeding day which is a business day.

11.7 Assignment. Purchaser may assign Purchaser's rights under this Agreement to one or more entities, each of which is an "Affiliate" (hereinafter defined) of Purchaser (each a "**Permitted Assignee**") if and only if: (i) Purchaser gives Seller prior written notice of the assignment; (ii) the Permitted Assignee specifically assumes all obligations of Purchaser under this Agreement as if such Permitted Assignee were the original Purchaser hereunder, (iii) such assignment does not relieve Purchaser of its obligations hereunder; and (iv) such assignment does not conflict with or delay the Loan Assumption (as defined in the Stratus Block 21 Contract) or the Hotel Operating Agreement Assumption (as defined in the Stratus Block 21 Contract). Otherwise, this Agreement may not be assigned by the Purchaser without the written consent of Seller. For purposes of this Agreement, the term "**Affiliate**" means an entity controlled by, controlling or under common control with Purchaser.

11.8 Severability. If any provision of this Agreement is illegal, invalid, or unenforceable under present or future laws, then, and in that event, it is the intention of the Parties hereto that the remainder of this Agreement shall not be affected thereby, and it is also the intention of the Parties to this Agreement that in lieu of each provision of this Agreement that is illegal, invalid, or unenforceable, there be added as a part of this Agreement a provision as similar in terms to such illegal, invalid, or unenforceable provision as may be possible, and be legal, valid, and enforceable.

11.9 Waiver. Any failure by a Party hereto to insist, or any election by a Party hereto not to insist, upon strict performance by the other Party of any of the terms, provisions, or

conditions of this Agreement shall not be deemed to be a waiver thereof or of any other term, provision, or condition hereof, and such Party shall have the right at any time or times thereafter to insist upon strict performance of any and all of the terms, provisions, and conditions hereof.

11.10 Applicable Law and Venue. The construction and validity of this Agreement shall be governed by the laws of the State of Texas. Venue shall be in a court of appropriate jurisdiction in Travis County, Texas.

11.11 Article and Section Headings. The article and section headings contained in this Agreement are for convenience only and shall in no way enlarge or limit the scope or meaning of the various and several provisions therein.

11.12 Grammatical Construction. Wherever appropriate, the masculine gender may include the feminine or neuter, and the singular may include the plural, and vice versa.

11.13 No Recordation. Seller and Purchaser hereby acknowledge that neither this Agreement nor any memorandum, affidavit or other instrument evidencing this Agreement or relating hereto (other than the closing documents contemplated hereunder) shall ever be recorded in the Real Property Records of Travis County, Texas, or in any other public records. Should Purchaser ever record or attempt to record any such instrument, then, notwithstanding any provision herein to the contrary, such recordation or attempted recordation shall constitute a default by Purchaser hereunder, and, in addition to the other remedies provided for herein: (i) Purchaser shall be personally liable to Seller for any damages incurred by Seller as a result of such recordation or attempted recordation, together with all attorney's fees and other costs and expenses of any kind or nature incurred by Seller as a result of such recordation or attempted recordation; and (ii) Seller shall have the express right to terminate this Agreement by filing a notice of said termination in the Real Property Records of Travis County, Texas.

11.14 Force Majeure. If either Party is delayed or prevented from performing any of its obligations under this Agreement (other than the obligation to pay any sum of money, and the obligation to consummate the Closing) by reason of strikes, lockouts, labor troubles, work stoppages, shortages of materials, transportation delays, failure of power, riots, insurrections, war, acts of God, floods, storms, weather (including delays due to rain or wet ground), fire or other casualty, or any other cause beyond such Party's control (other than third-party consents or approvals), the period of such event, plus the period of delay caused by such event, shall be deemed to be added to the time period herein provided for the performance any such obligation by the applicable Party.

11.15 Confidentiality. The Parties acknowledge and agree that Section 11.15 of the Stratus Block 21 Contract applies to the Parties under this Agreement.

11.16 Exculpation. Notwithstanding any provision in this Agreement to the contrary, it is agreed and understood that Purchaser shall look solely to the assets of Seller and Stratus Block 21 in the event of any breach or default by Seller under this Agreement or any breach or default by Stratus Block 21 under the Stratus Block 21 Contract, and not to the assets of: (a) any Person which is a partner in Seller, or which otherwise owns or holds any ownership interest in Seller,

directly or indirectly (each such partner or other holder or owner of any interest in Seller being referred to herein as a "**Subtier Owner**"); (b) any Person which is a member, manager or partner in or otherwise owns or holds any ownership interest in any Subtier Owner, whether directly or indirectly; (c) any Person serving as an officer, director, employee or otherwise for or in Seller; or (d) any Person serving as an officer, director, employee or otherwise for or in any Subtier Owner. This Agreement is executed by one or more persons (the "**Signatories**", whether one or more) of Seller and Stratus Block 21 solely in their capacities as representatives of the Seller, Stratus Block 21 or a Subtier Owner and not in their own individual capacities. Purchaser hereby releases and relinquishes the Signatories from any and all personal liability for any matters or claims of any kind which arise under or in connection with or as a result of this Agreement. The foregoing release of liability shall be effective with respect to and shall apply to all claims against any members, managers and partners of any Subtier Owner regardless of whether such claims arise as a result of any liability which the Signatories may have as members, managers or partners of the Seller, Stratus Block 21 or any Subtier Owner, or otherwise.

11.17 Execution. To facilitate execution: (a) this Agreement may be executed in any number of counterparts as may be convenient or necessary; (b) it shall not be necessary that the signatures of all Parties be contained in any one counterpart; (c) the signature pages taken from separate individually executed counterparts of this instrument may be combined to form multiple fully executed counterparts; and (d) a facsimile signature or a signature sent by electronic mail shall be deemed to be an original signature for all purposes. All executed counterparts of this instrument shall be deemed to be originals, but all such counterparts, when taken together, shall constitute one and the same agreement.

11.18 Schedules. The Schedules have been arranged for purposes of convenience in separately numbered sections corresponding to the sections of this Agreement; provided, however, each section of the Schedules will be deemed to incorporate by reference all information disclosed in any other section of the Schedules to the extent the relevance of such information to such other section of the Schedules is reasonably apparent. Capitalized terms used in the Schedules and not otherwise defined therein have the meanings given to them in this Agreement. In the event a subject matter is addressed in more than one representation and warranty, Purchaser will be entitled to rely only on the most specific representation and warranty addressing such matter. The specification of any dollar amount or the inclusion of any item in the representations and warranties contained in this Agreement, the Schedules, or the attached exhibits is not intended to imply that the amounts, or higher or lower amounts, or the items so included, or other items, are or are not required to be disclosed (including whether such amounts or items are required to be disclosed as material or threatened) or are within or outside of the ordinary course of business, and no party will use the fact of the setting of the amounts or the fact of the inclusion of any item in this Agreement, the Schedules or exhibits in any dispute or controversy between the parties as to whether any obligation, item or matter not set forth or included in this Agreement, the Schedules, or exhibits is or is not required to be disclosed (including whether the amount or items are required to be disclosed as material or threatened) or are within or outside of the ordinary course of business. In addition, matters reflected in the Schedules are not necessarily limited to matters required by this Agreement to be reflected in the Schedules. Such additional matters are set forth for informational purposes only and do not

necessarily include other matters of a similar nature. No information set forth in the Schedules will be deemed to broaden in any way the scope of the parties' representations and warranties. Any description of any agreement, document, instrument, plan, arrangement or other item set forth on any Schedule is a summary only and is qualified in its entirety by the terms of such agreement, document, instrument, plan, arrangement or item. The information contained in this Agreement, the Schedules, and exhibits hereto is disclosed solely for purposes of this Agreement, and no information contained herein or therein will be deemed to be an admission by any party hereto to any third party of any matter whatsoever, including any violation of Law or breach of contract.

11.19 Opportunity for Review. EACH PARTY ACKNOWLEDGES THAT ADEQUATE OPPORTUNITY HAS BEEN PROVIDED TO EACH PARTY FOR REVIEW AND COMMENT ON THE PROVISIONS IN THIS AGREEMENT BY EACH OF THEIR RESPECTIVE ATTORNEYS, COUNSELORS, AND ADVISORS; AND, ANY RULE OF CONSTRUCTION THAT AMBIGUITIES ARE TO BE RESOLVED AGAINST THE DRAFTING PARTY WILL NOT BE APPLICABLE TO THIS AGREEMENT.

11.20 Definitions. For purposes of this Agreement, the following terms will have the respective meanings set forth below:

(a) "**Affiliate**" of any particular Person means any other Person controlling, controlled by or under common control with such particular Person, where "control" means the possession, directly or indirectly, of the power to direct the management and policies of a Person whether through the ownership of voting securities, contract or otherwise.

(b) "**Code**" means the U.S. Internal Revenue Code of 1986, as amended.

(c) "**Effect**" means any event, circumstance, development, occurrence, fact, condition, effect or change.

(d) "**Governmental Body**" means any (i) nation, state, commonwealth, province, territory, county, municipality, district or other jurisdiction of any nature; (ii) federal, state, local, municipal, foreign or other government; or (iii) governmental or quasi-governmental authority of any nature (including any governmental division, department, agency, commission, official, regulatory body or other entity and any court, arbitrator or other tribunal).

(e) "**Law**" means any law, rule, regulation, judgment, decision, injunction or order of any Governmental Body, as enacted or promulgated and in effect on or prior to the Closing Date.

(f) "**Liability**" means any debt, loss, damage, adverse claim, fines, penalties, or liability (whether direct or indirect, known or unknown, asserted or unasserted, absolute or contingent, accrued or unaccrued, matured or unmatured, determined or determinable, liquidated or unliquidated, or due or to become due, and whether in contract, tort, strict liability or otherwise), and including all costs and expenses relating

thereto including all fees, disbursements and expenses of legal counsel, experts, engineers and consultants and costs of investigation).

(g) "**Material Adverse Effect**" means any Effect that is, or is reasonably expected to become (individually or in the aggregate with any other Effect) materially adverse to the results of operations or condition (financial or otherwise) of (or any of the assets included in or business conducted by or with) the Company; provided, however, that, a Material Adverse Effect shall not be deemed to include any Effect (alone or in combination) arising out of, relating to, or resulting from: (i) changes generally affecting the economy, financial or securities markets, or political conditions; (ii) the announcement or pendency of the transactions contemplated by this Agreement (it being understood and agreed that this clause shall not apply with respect to any representation or warranty that is intended to address the consequences of the announcement or the pendency of this Agreement); (iii) any changes in applicable Laws, (iv) any changes in GAAP; (v) acts of war or terrorism or the escalation thereof; (vi) general conditions in the industry in which the Company operates; (vii) actions taken as required by this Agreement; or (viii) any failure of operations at the Company to meet any written or verbal projections; provided further, however, that any Effect referred to in clauses (i), (iii), (iv), or (v) immediately above shall be taken into account in determining whether a Material Adverse Effect has occurred or could reasonably be expected to occur if it has a materially disproportionate effect on Seller, the Company or any portion thereof compared to other participants in the industries in which the Seller conducts its business involving the Company.

(h) "**Order**" means any writ, order, judgment, injunction, decree, or ruling of or by a Governmental Body.

(i) "**Permits**" means approvals, authorizations, consents, licenses, variances, franchises, permits, and certificates of any Governmental Body.

(j) "**Person**" means an individual, a partnership, a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization or a Governmental Body.

(k) "**Tax**" or "**Taxes**" means any federal, state, local, foreign or other income, gross receipts, capital stock, franchise, profits, withholding, social security, unemployment, disability, real property, ad valorem/personal property, stamp, excise, occupation, sales, use, transfer, value added, import, export, alternative minimum or estimated tax, including any interest, penalty or addition thereto.

(l) "**Tax Return**" means any return, declaration, report, claim for refund, information return or statement or other document relating to Taxes, including any schedule or attachment thereto, and including any amendments thereof.

(m) "**Taxing Authority**" means the Internal Revenue Service and any other Governmental Body responsible for the administration of any Tax.

(n) "**Transaction Documents**" means this Agreement, and any of the closing documents executed in connection with the closing under this Agreement.

(o) "**Undisclosed Liabilities**" means any Liabilities (i) resulting from any breach of any representation or warranty of Seller under (A) the Existence Representation, (B) the Authority Representation, (C) the Title Representation, (D) the No Undisclosed Liability Representation or (E) the Tax Representations, and (ii) resulting from any acts, omissions or occurrences which result in claims by third parties against the Company that occur, accrue or arise prior to the Closing Date and Seller shall indemnify Purchaser for any Liabilities resulting from such third party claims.

EXECUTED by Seller and Purchaser on the counterpart signature pages attached to this Agreement.

COUNTERPART SIGNATURE PAGE FOR ATTACHMENT TO MEMBERSHIP INTEREST PURCHASE AGREEMENT BY AND BETWEEN
STRATUS BLOCK 21 INVESTMENTS, L.P., AS "SELLER"
AND RYMAN HOSPITALITY PROPERTIES, INC, AS "PURCHASER"

Executed by the undersigned on the date or dates set out hereinbelow.

SELLER:

STRATUS BLOCK 21 INVESTMENTS, L.P.,
a Texas limited partnership

By: STRATUS BLOCK 21 INVESTMENTS GP, L.L.C.,
a Texas limited liability company,
its General Partner

By: /s/ Erin D. Pickens
Name: Erin D. Pickens
Title: Senior Vice President

Date: October 26, 2021

COUNTERPART SIGNATURE PAGE FOR ATTACHMENT TO MEMBERSHIP INTEREST PURCHASE AGREEMENT BY AND BETWEEN
STRATUS BLOCK 21 INVESTMENTS, L.P., AS "SELLER"
AND RYMAN HOSPITALITY PROPERTIES, INC., AS "PURCHASER"

Executed by the undersigned on the date or dates set out hereinbelow.

PURCHASER: **RYMAN HOSPITALITY PROPERTIES, INC.,**
a Delaware corporation

By: /s/ Colin Reed
Printed Name: Colin Reed
Title: Chairman and CEO

Date: 26th October 2021

LIST OF EXHIBITS AND SCHEDULES
TO
Membership Interest Purchase Agreement
By and Between
Stratus Block 21 Investments, L.P., as Seller, and
Ryman Hospitality Properties, Inc., as Purchaser

The following list of exhibits and schedules is provided pursuant to Item 601(a)(5) of Regulation S-K. These exhibits and schedules have been omitted pursuant to Item 601(a)(5) of Regulation S-K because the information contained therein is not material and is not otherwise publicly disclosed. The registrant undertakes to furnish supplementally a copy of the exhibits and schedules to the Securities and Exchange Commission upon request.

EXHIBITS

Exhibit A – Block 21 Service Company LLC Assignment and Assumption of Membership Interests

Exhibit B – Current Assets, Current Liabilities, and Working Capital

SCHEDULES

Schedule 6.1(g)(iii) – Accounts Receivable

Schedule 6.1(i) – Ordinary Course

Schedule 6.1(j)(xiv) – Taxes

Schedule 6.1(k)(ii) – Personal Property Leases

Schedule 6.1(l) – Intellectual Property

Schedule 6.1(m) – Material Contracts

Schedule 6.1(p)(i) – Employee Benefits Plans

Schedule 6.1(p)(viii) – 409A

Schedule 6.1(p)(xi) – Company Plan Amendability

Schedule 6.1(p)(xii) – Employment Agreement Matters and Company Plan Matters

Schedule 6.1(p)(xiv) – Accrued Vacation and Earned Time Off Policy

Schedule 6.1(r) – Related Party Transactions

DESCRIPTION OF SECURITIES REGISTERED
UNDER SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934

As of the date of this Annual Report on Form 10-K of which this Exhibit 4.1 is a part, Stratus Properties Inc. has one class of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended: our common stock.

The following summary of the terms of our capital stock is not meant to be complete and is qualified by reference to the relevant provisions of the General Corporation Law of the State of Delaware (the Delaware General Corporation Law) and our amended and restated certificate of incorporation, as amended (our certificate of incorporation), and our second amended and restated by-laws (our by-laws). Both our certificate of incorporation and by-laws are exhibits to this Annual Report on Form 10-K filed with the Securities and Exchange Commission.

Authorized Capital Stock

Our certificate of incorporation authorizes us to issue up to 150,000,000 shares of common stock, $0.01 par value per share, and 50,000,000 shares of preferred stock, $0.01 par value per share.

Description of Common Stock

Voting rights. Each share of common stock is entitled to one vote on all matters voted upon by our stockholders, including the election of directors, and do not have cumulative voting rights. Holders of our common stock are entitled to elect all of the members of the class of directors whose term is expiring, subject to the rights of holders of preferred stock, by a plurality vote. Unless otherwise required by law, our certificate of incorporation or by-laws, any matter brought before any meeting of stockholders, other than the election of directors, is decided by the affirmative vote of a majority of the shares present in person or represented by proxy and entitled to vote thereon, a quorum being present.

Dividends. Holders of our common stock are entitled to receive dividends when, as and if declared by our board of directors out of funds legally available therefor and subject to the rights of holders of preferred stock.

Liquidation rights. Holders of common stock are entitled to share ratably in all assets legally available for distribution to holders of our common stock in the event of our liquidation, winding up or dissolution, subject to the rights of holders of preferred stock.

Other rights and preferences. The issued and outstanding shares of our common stock are, and the shares of our common stock that we may issue in the future will be, validly issued, fully paid and non-assessable. Shares of our common stock are not redeemable, have no sinking fund provisions, and have no subscription, conversion or preemptive rights.

Transfer agent. The transfer agent and registrar for our common stock is Computershare Inc.

NASDAQ. Our common stock is listed on The Nasdaq Global Market under the symbol “STRS.”

Certain Provisions of Our Certificate of Incorporation and By-laws

Classified Board. Our board of directors has been divided into three classes, with each class consisting, as nearly as possible, of one-third of the total number of the directors and serving a three-year term. This classification of our board of directors may prevent our stockholders from changing the membership of the entire board of directors in a relatively short period of time. At least two annual meetings, instead of one, generally will be required to change the majority of directors. The classified board provisions could have the effect of prolonging the time required for one of our stockholders with significant voting power to gain majority representation on our board of directors. Where approval by a majority of the directors is necessary for a transaction, such as in the case of an interested stockholder business combination (as discussed below), the inability to gain majority representation on our board of directors immediately could discourage takeovers and tender offers.

Supermajority Voting/Fair Price Requirements. Our certificate of incorporation provides that the approval of the holders of not less than 85 percent of our outstanding common stock is required for:

- any merger or consolidation of our company or any of our subsidiaries with or into any person or entity, or any affiliate of that person or entity, who was within the two years prior to the transaction a beneficial owner of 20 percent or more of our outstanding common stock, which we refer to as an interested party;
- any merger or consolidation of an interested party with or into our company or any of our subsidiaries;
- any sale, lease, exchange, mortgage, pledge, transfer or other disposition of more than 10 percent of the fair market value of the total assets of our company or any of our subsidiaries in one or more transactions involving an interested party;
- the adoption of any plan or proposal for liquidation or dissolution of our company proposed by or on behalf of any interested party;
- the issuance or transfer by us or any of our subsidiaries of securities of our company having a fair market value of $1 million or more to any interested party in one or more transactions; or
- any recapitalization, reclassification, merger or consolidation of our company or any of our subsidiaries that would increase an interested party's voting power in our company or any of our subsidiaries.

However, the 85 percent voting requirement is not applicable if:

- our board approves the transaction, or approves the acquisition of the common stock that caused the interested person to become an interested person, and the vote includes the affirmative vote of a majority of our directors who are not affiliates of the interested party and who were members of our board prior to the time the interested party became the interested party;
- the transaction is solely between us and any of our wholly owned subsidiaries or between any of our wholly owned subsidiaries; or
- the transaction is a merger or consolidation and the consideration to be received by our common stockholders is at least as high as the highest price per share paid by the interested party for our common stock on the date the common stock was last acquired by the interested party or during a period of two years prior.

Amendments to Supermajority Voting/Fair Price Requirements. The affirmative vote of at least 85 percent of our outstanding capital stock is required to amend, alter, change or repeal the provisions in our certificate of incorporation providing for the supermajority voting/fair price requirements described above, or to adopt any provisions inconsistent therewith. In addition, our certificate of incorporation and our by-laws require the affirmative vote of at least 85 percent of our outstanding capital stock to amend, alter, change or repeal the provisions providing for the classified board structure, and the provisions prohibiting stockholders to act by written consent, to call a special meeting or to fill a vacancy on our board of directors.

Effects of Authorized but Unissued Common Stock and Blank Check Preferred Stock. One of the effects of the existence of authorized but unissued common stock and undesignated preferred stock may be to enable our board of directors to make more difficult or to discourage an attempt to obtain control of our company by means of a merger, tender offer, proxy contest or otherwise, and thereby to protect the continuity of management. If, in the due exercise of its fiduciary obligations, our board of directors were to determine that a takeover proposal was not in our best interest, such shares could be issued by our board of directors without stockholder approval in one or more transactions that might prevent or render more

difficult or costly the completion of the takeover transaction by diluting the voting or other rights of the proposed acquirer or insurgent stockholder group, by putting a substantial voting block in institutional or other hands that might undertake to support the position of the incumbent board of directors, by effecting an acquisition that might complicate or preclude the takeover, or otherwise.

In addition, our certificate of incorporation grants our board of directors broad power to establish the rights and preferences of authorized but unissued shares of preferred stock. The issuance of shares of preferred stock could decrease the amount of earnings and assets available for distribution to holders of shares of common stock. The issuance also may adversely affect the rights and powers, including voting rights, of those holders and may have the effect of delaying, deterring or preventing a change in control of our company.

Advance Notice of Intention to Nominate a Director. Our by-laws permit a stockholder to nominate a person for election as a director only if written notice of such stockholder's intent to make a nomination has been delivered to our Secretary within the time periods and in the manner specified in our by-laws. Any nomination that fails to comply with these requirements may be disqualified.

Advance Notice of Stockholder Proposals. Our by-laws permit a stockholder proposal to be presented at a stockholders' meeting only if prior written notice of the proposal has been delivered to our Secretary within the time periods and in the manner specified in our by-laws.

No Ability of Stockholders to Call Special Meetings. Our certificate of incorporation and by-laws provide that, except to the extent that holders of preferred stock have the right to call a special meeting in some circumstances, only our board of directors, the chairman of our board, or the president may call special meetings of the stockholders.

No Ability of Stockholders to Act by Written Consent. Our certificate of incorporation denies our stockholders the right to take any action required or permitted to be taken at any annual or special meeting of stockholders by written consent.

Removal of Directors; Filling Vacancies on Board of Directors. Under the Delaware General Corporation Law, a director on a classified board may be removed only for cause by a vote of the shareholders. Our certificate of incorporation and by-laws provide that newly created directorships resulting from any increase in the number of directors and any vacancies on our board of directors resulting from the death, resignation, disqualification or removal of a director, or other reason, may be filled only by a majority vote of the remaining directors, regardless of any quorum requirements. Any director so elected will hold office for the remainder of the full term of the class of directors in which the new directorship was created or the vacancy occurred and until such director's successor has been elected and qualified.

Amendment of By-laws. Our certificate of incorporation and by-laws provide that our by-laws may be altered, amended, changed or repealed by vote of the stockholders or at any meeting of our board of directors by the vote of a majority of the directors present or as otherwise provided by statute.

Limitation of Liability of Directors and Officers. As permitted by the Delaware General Corporation Law, our certificate of incorporation includes a provision that eliminates the personal liability of our directors for monetary damages for breach of fiduciary duty as a director, except for liability (1) for any breach of the director's duty of loyalty to our company or its stockholders, (2) for acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law, (3) under section 174 of the Delaware General Corporation Law or (4) for any transaction from which the director derived an improper personal benefit. The effect of this provision is to eliminate our rights and our stockholder's rights to recover monetary damages against a director for breach of a fiduciary duty of care. The provision does not eliminate or limit our right, or the right of a stockholder, to seek non-monetary relief, such as an injunction or rescission. In addition, our certificate of incorporation provides for mandatory indemnification rights to the fullest extent permitted by law to any director or executive officer who (because of the fact that he or she is our director or officer) is involved in a legal proceeding. These indemnification rights include reimbursement for expenses incurred by the director or officer in advance of the final disposition of a proceeding according to applicable law.

Forum for Adjudication of Disputes

Our by-laws provide that to the fullest extent permitted by law, and unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware (Court of Chancery) shall be the sole and exclusive forum for (1) any derivative action or proceeding brought in the name or right of our company or on its behalf, (2) any action asserting a claim for breach of a fiduciary duty owed by any director, officer, employee, stockholder or other agent of the company to the company or our stockholders, (3) any action arising or asserting a claim arising pursuant to any provision of the Delaware General Corporation Law or any provision of our certificate of incorporation or by-laws or as to which the Delaware General Corporation Law confers jurisdiction on the Court of Chancery or (4) any action asserting a claim governed by the internal affairs, doctrine, including, without limitation, any action to interpret, apply, enforce or determine the validity of our certificate of incorporation or by-laws. Any person or entity purchasing or otherwise acquiring any interest in share of our company's stock will be deemed to have notice of and consented to these provisions.

The exclusive forum provision will not preclude or contract the scope of exclusive federal or concurrent jurisdiction for actions brought under the federal securities laws including the Securities Exchange Act of 1934, as amended, or the Securities Act of 1933, as amended. This provision may increase costs to bring a claim, discourage claims or limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or other employees, which may discourage such lawsuits against us or our directors, officers and other employees. If a court were to find the exclusive forum provision contained in our by-laws to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions.

Description of Preferred Stock

Our board of directors may, without stockholder approval, authorize us to issue shares of preferred stock in series and may, at the time of issuance, determine the rights, preferences and limitations of each series, including but not limited to dividend, voting, conversion and liquidation preference rights. Satisfaction of any dividend preferences of outstanding shares of preferred stock would reduce the amount of funds available for the payment of dividends on shares of common stock. Holders of shares of preferred stock may be entitled to receive a preference payment in the event of any liquidation, dissolution or winding-up of our company before any payment is made to the holders of shares of common stock. In some circumstances, the issuance of shares of preferred stock may render more difficult or tend to discourage a merger, tender offer or proxy contest, the assumption of control by a holder of a large block of our securities or the removal of incumbent management. The issuance of any shares of preferred stock in the future could adversely affect the rights of the holders of common stock.

GUARANTY

THIS GUARANTY (this "Guaranty") is executed as of January 5, 2016 by **STRATUS PROPERTIES INC.**, a Delaware corporation (together with any permitted successors and assigns, "Guarantor"), for the benefit of **GOLDMAN SACHS MORTGAGE COMPANY**, a New York limited partnership (together with its successors and assigns, "Lender").

W I T N E S S E T H

WHEREAS, Lender has agreed to make a loan (the "Loan") to **STRATUS BLOCK 21, L.L.C.**, a Delaware limited liability company ("Borrower"), in the original principal amount of $150,000,000.00 (the "Loan Amount"), pursuant to that certain Loan Agreement, dated as of the date hereof, by and between Borrower and Lender (the "Loan Agreement"); any capitalized terms which are not specifically defined herein shall have the meaning set forth in the Loan Agreement);

WHEREAS, to evidence the Loan, Borrower has executed and delivered to Lender a promissory note, dated as of the date hereof, in the original principal amount of the Loan Amount (as the same may be amended, restated, replaced, supplemented, or otherwise modified from time to time, the "Note"), and Borrower has or will become indebted, and may from time to time become further indebted, to Lender with respect to the Loan;

WHEREAS, Lender requires as a condition to making the Loan that Guarantor agrees to unconditionally guaranty for the benefit of Lender and its successors and assigns, the full and timely payment and performance of the Guaranteed Obligations (as hereinafter defined);

WHEREAS, Guarantor directly and/or indirectly owns an interest in Borrower and will derive substantial economic benefit from the making of the Loan by Lender to Borrower; and

WHEREAS, Guarantor has agreed to execute and deliver this Guaranty in order to induce Lender to make the Loan.

NOW, THEREFORE, to induce Lender to make the Loan to Borrower and in consideration for the substantial benefit Guarantor will derive from the making of the Loan and for other good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

ARTICLE 1

NATURE AND SCOPE OF GUARANTY

1.1 **GUARANTY OF OBLIGATIONS. GUARANTOR HEREBY ABSOLUTELY, IRREVOCABLY AND UNCONDITIONALLY GUARANTEES TO LENDER THE FULL AND TIMELY PAYMENT AND PERFORMANCE OF ALL OF THE GUARANTEED OBLIGATIONS AS AND WHEN THE SAME SHALL BE DUE AND PAYABLE, WHETHER BY LAPSE OF TIME, BY ACCELERATION OF MATURITY OR OTHERWISE. GUARANTOR HEREBY ABSOLUTELY,**

IRREVOCABLY AND UNCONDITIONALLY COVENANTS AND AGREES THAT IT IS LIABLE FOR THE GUARANTEED OBLIGATIONS AS PRIMARY OBLIGOR.

1.2 Definitions of Guaranteed Obligations. As used herein, the term "Guaranteed Obligations" means all obligations and liabilities of Borrower pursuant to Section 9.19(b) of the Loan Agreement.

1.3 Nature of Guaranty. This Guaranty is an irrevocable, absolute and continuing guaranty of payment and not a guaranty of collection. No exculpatory language contained in any of the other Loan Documents shall in any event or under any circumstances modify, qualify or affect the personal recourse obligations and liabilities of Guarantor hereunder. This Guaranty may not be revoked by Guarantor and shall continue to be effective with respect to the Guaranteed Obligations arising or created after any attempted revocation by Guarantor and, if Guarantor is a natural person, after Guarantor's death, in which event this Guaranty shall be binding upon Guarantor's estate and Guarantor's legal representatives and heirs. It is the intent of Guarantor and Lender that the obligations and liabilities of Guarantor hereunder are absolute and unconditional under any and all circumstances and that so long as any portion of the Indebtedness shall be outstanding, such obligations and liabilities shall not be discharged or released in whole or in part, by any act or occurrence (including, without limitation, the fact that at any time or from time to time the Indebtedness or the Guaranteed Obligations may be increased or reduced) which might, but for the provisions of this Guaranty, be deemed a legal or equitable discharge or release of Guarantor. This Guaranty may be enforced by Lender and any subsequent holder of the Note or any part thereof and shall not be discharged by the assignment or negotiation of all or any part of the Note.

1.4 Reserved.

1.5 Guaranteed Obligations Not Reduced by Set-Off. The Guaranteed Obligations and the liabilities and obligations of Guarantor to Lender hereunder shall not be reduced, discharged or released because or by reason of any existing or future set-off, offset, claim or defense of any kind or nature which Borrower, Guarantor or any other Person has or may hereafter have against Lender or against payment of the Indebtedness or the Guaranteed Obligations, whether such set-off, offset, claim or defense arises in connection with the Guaranteed Obligations or otherwise.

1.6 No Duty to Pursue Others; No Duty to Mitigate. It shall not be necessary for Lender (and Guarantor hereby waives any rights which Guarantor may have to require Lender) to take any action, obtain any judgment or file any claim prior to enforcing this Guaranty, including, without limitation, to (i) institute suit or otherwise enforce Lender's rights, or exhaust its remedies, against Borrower or any other Person liable on all or any part of the Indebtedness or the Guaranteed Obligations, or against any other Person, (ii) enforce Lender's rights, or exhaust any remedies available to Lender, against any collateral which shall ever have been given to secure all or any part of the Indebtedness or the Guaranteed Obligations, (iii) join Borrower or any other Person liable on the Guaranteed Obligations in any action seeking to enforce this Guaranty or (iv) resort to any other means of obtaining payment of all or any part of the Indebtedness or the Guaranteed Obligations. Lender shall not be required to mitigate damages or take any other action to reduce, collect or enforce the Guaranteed Obligations.

1.7 Payment by Guarantor. If all or any part of the Guaranteed Obligations shall not be punctually paid or performed when due, whether at demand, maturity, acceleration or otherwise, Guarantor shall, immediately upon demand by Lender and without presentment, protest, notice of protest, notice of non-payment, notice of intention to accelerate the maturity, notice of acceleration of the maturity or any other notice whatsoever, pay in lawful money of the United States of America, the amount due thereon to Lender. Amounts not paid when due hereunder shall accrue interest at the Default Rate, unless such amounts already include interest at the Default Rate pursuant to the terms of the other Loan Documents. Such demands may be made at any time coincident with or after the time for payment of all or any part of the Guaranteed Obligations and may be made from time to time with respect to the same or different Guaranteed Obligations.

1.8 Application of Payments. If, at any time, there is any Indebtedness or obligations of Borrower to Lender which is not guaranteed by Guarantor, Lender, without in any manner impairing its rights hereunder, may, at its option, apply all amounts realized by Lender from any collateral or security held by Lender first to the payment of such unguaranteed Indebtedness or obligations, with the remaining amounts, if any, to then be applied to the payment of the Indebtedness or obligations guaranteed by Guarantor.

1.9 Waivers.

(a) Guarantor hereby assents to all of the terms and agreements heretofore or hereafter made by Borrower with Lender (including, without limitation, the provisions of the Loan Documents) and hereby waives diligence, presentment, protest, demand on Borrower for payment or otherwise, filing of claims, requirement of a prior proceeding against Borrower and all notices (other than notices expressly provided for hereunder or required to be delivered under applicable law), including, without limitation, notice of:

(i) the acceptance of this Guaranty;

(ii) the present existence or future incurring of all or any part of the Indebtedness, or any future change to the time, manner or place of payment of, or in any other term of all of any part of the Indebtedness or the Guaranteed Obligations;

(iii) any amendment, modification, replacement or extension of any of the Loan Documents;

(iv) the execution and delivery by Borrower and Lender of any other loan or credit agreement or of Borrower's execution and delivery of any promissory note or other documents arising under the Loan Documents or in connection with the Property;

(v) Lender's transfer, participation, componentization or other disposition of all or any part of the Loan or this Guaranty, or an interest therein;

(vi) the sale or foreclosure (or posting or advertising for sale or foreclosure), or assignment-in-lieu of foreclosure, of any collateral for the Guaranteed Obligations;

(vii) any protest, proof of non-payment or default by Borrower, or the occurrence of a breach or an Event of Default, or the intent to accelerate or of acceleration in relation to any instrument relating to the Indebtedness or the Guaranteed Obligations;

(viii) the obtaining or release of any guaranty or surety agreement, pledge, assignment or other security for the Indebtedness or the Guaranteed Obligations, or any part thereof; or

(ix) any other action at any time taken or omitted to be taken by Lender generally and any and all demands and notices of every kind in connection with this Guaranty, the other Loan Documents and any other documents or agreements evidencing, securing or relating to the Indebtedness or the Guaranteed Obligations, or any part thereof.

(b) To the extent allowed by applicable law, Guarantor hereby waives any and all rights it may now or hereafter have to, and covenants and agrees that it shall not at any time, insist upon, plead or in any manner whatsoever claim or take the benefit or advantage of, any and all appraisal, valuation, stay, extension, marshaling-of-assets or redemption laws, or right of homestead or exemption, whether now or at any time hereafter in force, that may delay, prevent or otherwise affect the performance by Guarantor of its obligations under, or the enforcement by Lender of, this Guaranty. Guarantor hereby further waives any and all rights it may now or hereafter have to, and covenants and agrees that it shall not, set up or claim any defense, counterclaim, cross-claim, set-off, offset, right of recoupment or other objection of any kind to any action, suit or proceeding in law, equity or otherwise, or to any demand or claim that may be instituted or made by Lender hereunder, except for the defense of the actual timely performance of the Guaranteed Obligations hereunder.

(c) Guarantor specifically acknowledges and agrees that the waivers made by it in this Section and in the other provisions of this Guaranty are of the essence of the Loan transaction and that, but for this Guaranty and such waivers, Lender would not make the Loan to Borrower.

1.10 Waiver of Subrogation, Reimbursement and Contribution. Notwithstanding anything to the contrary contained herein, during the Deferral Period (as hereinafter defined), Guarantor hereby unconditionally and irrevocably waives, releases and abrogates any and all rights it may now or hereafter have under any agreement, at law or in equity (including, without limitation, any law subrogating the Guarantor to the rights of Lender), to assert any claim against or seek contribution, indemnification or any other form of reimbursement from Borrower or any other Person obligated under the Loan Documents and liable for payment of any or all of the Guaranteed Obligations for any payment made by Guarantor under or in connection with this Guaranty or otherwise, prior to the ninety-first (91st) day after the indefeasible payment and discharge in full of the Indebtedness (including by Defeasance) (which time period sometimes being referred to as the "Deferral Period"). Upon the expiration of the Deferral Period, Guarantor may exercise any and all rights referred to in this Section for claims arising before and after the Deferral Period, provided the same does not and would not cause Guarantor to be or result in Guarantor being a "creditor" (as such term is defined in the Bankruptcy Reform Act of

1978, as amended, 11 U.S.C. Section 101 et seq. and the regulations promulgated thereunder) of Borrower in any insolvency, bankruptcy, reorganization or similar proceeding commenced on or prior to the expiration of the Deferral Period.

1.11 Reinstatement; Effect of Bankruptcy. Guarantor agrees that if at any time all or any part of any payment at any time received by Lender from, or on behalf of, Borrower or Guarantor under or with respect to this Guaranty is held to constitute a Preferential Payment (as defined in Section 4.4), or if Lender is required to rescind, restore or return all or part of any such payment or pay the amount thereof to another Person for any reason (including, without limitation, the insolvency, bankruptcy reorganization, receivership or other debtor relief law or any judgment, order or decision thereunder), then the Guaranteed Obligations hereunder shall, to the extent of the payment rescinded, restored or returned, be deemed to have continued in existence notwithstanding such previous receipt by Lender, and the Guaranteed Obligations hereunder shall continue to be effective or reinstated, as the case may be, as to such payment as though such previous payment to Lender had never been made.

ARTICLE 2

EVENTS AND CIRCUMSTANCES NOT REDUCING OR DISCHARGING GUARANTOR'S OBLIGATIONS

2.1 Events and Circumstances Not Reducing or Discharging Guarantor's Obligations. Guarantor hereby consents and agrees to each of the following and agrees that Guarantor's obligations under this Guaranty shall not be released, diminished, impaired, reduced or adversely affected in any way by any of the following, although without notice to or the further consent of Guarantor, and waives any common law, equitable, statutory or other rights (including, without limitation, rights to notice) or defenses which Guarantor might otherwise have as a result of or in connection with any of the following:

(a) Modifications. Any change in the time, manner or place of payment of all or any part of the Indebtedness or the Guaranteed Obligations, or in any other term thereof, or any renewal, extension, increase, alteration, rearrangement, amendment or other modification to any provision of any of the Loan Documents or any other document, instrument, contract or understanding between Borrower and Lender or any other Person pertaining to the Indebtedness or the Guaranteed Obligations.

(b) Adjustment. Any adjustment, indulgence, forbearance, waiver, consent or compromise that Lender might extend, grant or give to Borrower, Guarantor or any other Person with respect to any provision of this Guaranty or any of the other Loan Documents.

(c) Condition of Borrower or Guarantor. Borrower's or Guarantor's voluntary or involuntary liquidation, dissolution, sale of all or substantially all of their respective assets and liabilities, appointment of a trustee, receiver, liquidator, sequestrator or conservator for all or any part of Borrower's or Guarantor's assets, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, consolidation, merger arrangement, composition, readjustment or the commencement of any other similar proceedings affecting Borrower or Guarantor or any of the assets of either of them, including, without limitation, (A) the release or discharge of Borrower

from the payment and performance of its obligations under any of the Loan Documents by operation of law or (B) the impairment, limitation or modification of the liability of Borrower, its partners or Guarantor, or of any remedy for the enforcement of Lender's rights, under this Guaranty or any of the other Loan Documents, resulting from the operation of any present or future provisions of the Bankruptcy Code or other present or future federal, state or applicable statute of law or from the decision in any court.

(d) Invalidity of Guaranteed Obligations. The invalidity, illegality, irregularity or unenforceability of all or any part of this Guaranty or of any of the Loan Documents, or of any other document or agreement executed in connection with the Indebtedness or the Guaranteed Obligations for any reason whatsoever, including, without limitation, the fact that (i) the Indebtedness or the Guaranteed Obligations, or any part thereof, exceeds the amount permitted by law, (ii) the act of creating the Indebtedness or the Guaranteed Obligations, or any part thereof, is ultra vires, (iii) the officers or representatives executing the Loan Documents or any other document or agreement executed in connection with the creating of the Indebtedness or the Guaranteed Obligations, or any part thereof, acted in excess of their authority, (iv) the Indebtedness or the Guaranteed Obligations, or any part thereof, violates applicable usury laws, (v) Borrower or Guarantor has valid defenses, claims or offsets (whether at law, in equity or by agreement) which render the Indebtedness or the Guaranteed Obligations wholly or partially uncollectible, (vi) the creation, performance or repayment of the Indebtedness or the Guaranteed Obligations, or any part thereof (or the execution, delivery and performance of any document or instrument representing the Indebtedness or the Guaranteed Obligations, or any part thereof, or executed in connection with the Indebtedness or the Guaranteed Obligations, or given to secure the repayment of the Indebtedness or the Guaranteed Obligations, or any part thereof), is illegal, uncollectible, legally impossible or unenforceable or (vii) any of the Loan Documents or any other document or agreement executed in connection with the Indebtedness or the Guaranteed Obligations, or any part thereof, has been forged or otherwise are irregular or not genuine or authentic.

(e) Release of Obligors. Any compromise or full or partial release of the liability of Borrower or any other Person now or hereafter liable, whether directly or indirectly, jointly, severally, or jointly and severally, to pay, perform, guarantee or assure the payment of the obligations under this Guaranty or any of the other Loan Documents.

(f) Release of Collateral; Other Collateral. Any release, surrender, exchange, subordination, deterioration, waste, loss or impairment by Lender (including, without limitation, negligent, willful, unreasonable or unjustifiable impairment) of, or failure to perfect or obtain protection of, any collateral, property or security at any time existing in connection with, or assuring or securing payment of, all or any part of the Indebtedness or the Guaranteed Obligations; or the taking or accepting of any other security, collateral or guaranty or other assurance of payment for all or any part of the Indebtedness or the Guaranteed Obligations.

(g) Offset. Any existing or future right of set-off, offset, claim, counterclaim or defense of any kind or nature against Lender or any other Person, which may be available to or asserted by Guarantor or Borrower other than the defense of the actual timely performance of the Guaranteed Obligations hereunder.

(h) Change in Law. Any change in the laws, rules or regulations of any jurisdiction or any present or future action of any Governmental Authority or court amending, varying, reducing or otherwise affecting, or purporting to amend, vary, reduce or otherwise affect, any of the obligations of Borrower under any of the Loan Documents or Guarantor under this Guaranty.

(i) Event of Default. The occurrence of any Event of Default or any potential Event of Default under any of the Loan Documents, whether or not Lender has exercised any of its rights and remedies under the Loan Documents upon the happening of any such Event of Default or potential Event of Default.

(j) Actions Omitted. The absence of any action to enforce any of Lender's rights under the Loan Documents or available to Lender at law, equity or otherwise, to recover any judgment against Borrower or to enforce a judgment against Borrower under any of the Loan Documents.

(k) Other Circumstances. Any other circumstance which might otherwise constitute a legal or equitable discharge or defense of a guarantor generally, it being the unambiguous and unequivocal intention of Guarantor and Lender that the liability of Guarantor hereunder shall be direct and immediate and that Guarantor shall be obligated to pay the Guaranteed Obligations when due, notwithstanding any occurrence, circumstance, event, action, or omission whatsoever, whether contemplated or uncontemplated, and whether or not otherwise or particularly described herein, except for the full and final payment and satisfaction of the Guaranteed Obligations.

2.2 Indebtedness or Other Obligations of Guarantor. If Guarantor is or becomes liable for any Indebtedness owed by Borrower to Lender by endorsement or otherwise than under this Guaranty such liability shall not be in any manner impaired or affected by this Guaranty and the rights of Lender hereunder shall be cumulative of any and all other rights that Lender may ever have against Guarantor. The exercise by Lender of any right or remedy hereunder or under any other instrument or at law or in equity shall not preclude the concurrent or subsequent exercise of any right or remedy under any other instrument or at law or in equity, including the making of multiple demands hereunder. Further, without in any way diminishing or limiting the generality of the foregoing, it is specifically understood and agreed that this Guaranty is given by Guarantor as an additional guaranty to any and all guarantees as may heretofore have been or may hereafter be executed and delivered by Guarantor in favor of Lender, whether relating to the obligations of Borrower under the Loan Documents or otherwise, and nothing herein shall ever be deemed to replace or be in-lieu of any other such previous or subsequent guarantees.

ARTICLE 3

REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties. To induce Lender to enter into the Loan Documents and extend credit to Borrower, Guarantor hereby represents and warrants to Lender that, on the date hereof and during the duration of this Guaranty:

(a) Due Formation, Authorization and Enforceability. Guarantor is duly organized and validly existing under the laws of the jurisdiction of its incorporation or formation, as the case may be, and has full power and legal right to execute and deliver this Guaranty and to perform under this Guaranty and the transactions contemplated hereunder. Guarantor has taken all necessary action to authorize the execution, delivery and performance of this Guaranty and the transactions contemplated hereunder. This Guaranty has been duly authorized, executed and delivered by Guarantor and constitutes a legal, valid and binding obligation of Guarantor, enforceable against Guarantor in accordance with its terms, subject to bankruptcy, insolvency and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles.

(b) Benefit to Guarantor. Guarantor hereby acknowledges that Lender would not make the Loan but for the personal liability undertaken by Guarantor under this Guaranty. Guarantor (i) is an affiliate of Borrower, (ii) has received, or will receive, direct and/or indirect benefit from the making of the Loan to Borrower and (iii) has received, or will receive, direct and/or indirect benefit from the making of this Guaranty with respect to the Guaranteed Obligations.

(c) Familiarity and Reliance. Guarantor is familiar with, and has independently reviewed books and records regarding, the financial condition of Borrower and is familiar with the value of any and all collateral granted, or intended to be granted, as security for the Indebtedness or the Guaranteed Obligations; provided, however, Guarantor is not relying on such financial condition or such collateral as an inducement to enter into this Guaranty.

(d) No Representation by Lender. Neither Lender nor any other Person has made any representation, warranty or statement to Guarantor or to any other Person in order to induce the Guarantor to execute this Guaranty.

(e) Solvency. Guarantor has not entered into this Guaranty with the actual intent to hinder, delay or defraud any creditor. Guarantor received reasonably equivalent value in exchange for the Guaranteed Obligations. Guarantor is not presently insolvent, and the execution and delivery of this Guaranty will not render Guarantor insolvent.

(f) No Conflicts. The execution and delivery of this Guaranty by Guarantor, and the performance of transactions contemplated hereunder do not and will not (i) conflict with or violate any Legal Requirements or any governmental statutes, laws, rules, orders, regulations, ordinances, judgments, decrees and injunctions of Governmental Authorities (including Environmental Laws) affecting Guarantor or any of its assets or property, (ii) conflict with, result in a breach of, or constitute a default (including any circumstance or event which would be a default but for the lack of due notice or lapse of time or both) under any of the terms, conditions or provisions of any of Guarantor's organizational documents or any agreement or instrument to which Guarantor is a party, or by which Guarantor or its assets or property are bound or (iii) result in the creation or imposition of any Lien on any of Guarantor's assets or property.

(g) Litigation. To Guarantor's knowledge after due and diligent inquiry, there is no action, suit, proceeding, arbitration or investigation pending or threatened against Guarantor in any court or by or before any other Governmental Authority, in each case, which might have

consequences that would materially and adversely affect the performance of Guarantor's obligations and duties under this Guaranty. There are no outstanding or unpaid judgments against Guarantor.

(h) Consents. No consent, approval, authorization, order or filings of or with any court or Governmental Authority is required for the execution, delivery and performance by Guarantor of, or compliance by Guarantor with, this Guaranty or the consummation of the transactions contemplated hereunder, other than those which have been obtained by Guarantor.

(i) Compliance. Guarantor is not in default or violation of any regulation, order, writ, injunction, decree or demand of any Governmental Authority, the violation or default of which might have consequences that would materially and adversely affect the condition (financial or otherwise) or business of Guarantor or might have consequences that would materially and adversely affect its performance hereunder.

(j) Financial Information. All financial data that have been delivered to Lender with regard to Guarantor (i) are true, complete and correct in all material respects, (ii) accurately represent the financial condition of Guarantor as of the date of such reports and (iii) have been prepared in accordance with GAAP throughout the periods covered, except as may be explicitly disclosed therein.

(k) No Defenses. This Guaranty and the obligations of Guarantor hereunder are not subject to, and Guarantor has not asserted, any right of rescission, offset, counterclaim, cross-claim, recoupment or affirmative or other defense of any kind and neither the operation of any of the terms of this Guaranty nor the exercise of any right hereunder will render the Guaranty unenforceable in whole or in material part.

(l) Tax Filings. Guarantor has filed (or has obtained effective extensions for filing) all federal, state and local tax returns required to be filed and has paid, or has made adequate provision for the payment of, all federal, state and local taxes, charges and assessments payable by Guarantor. Guarantor reasonably believes that its tax returns properly reflect the incomes and taxes of Guarantor for the periods covered thereby.

(m) No Bankruptcy Filing. Guarantor is not and has never been a debtor in any voluntary or involuntary state or federal bankruptcy, insolvency or similar proceeding. Guarantor is contemplating neither the filing of a petition under any state or federal bankruptcy or insolvency laws nor the liquidation of its assets or property and Guarantor does not have any knowledge of any Person contemplating the filing of any such petition against it.

(n) No Change in Facts or Circumstances; Full and Accurate Disclosure. There has been no material adverse change in any condition, fact, circumstance or event, and there is no fact or circumstance presently known to Guarantor which has not been disclosed to Lender, in each case that would make the financial statements or other documents submitted in connection with the Loan or this Guaranty inaccurate, incomplete or otherwise misleading in any material respect or that otherwise materially and adversely affects, or might have consequences that would materially and adversely affect, Guarantor or its business, operations or conditions (financial or otherwise).

(o) Embargoed Person. (i) None of the funds or other assets of Guarantor constitute property of, or are beneficially owned, directly or indirectly, by any Embargoed Person, provided as to any shareholders of Guarantor who are not involved in the normal operations of Guarantor and who acquired their interest through a national stock exchange, such representation is only to Guarantor's knowledge; (ii) to Guarantor's knowledge without investigation as to any shareholders of Guarantor who are not involved in the normal operations of Guarantor and who acquired their interest through a national stock exchange, no Embargoed Person has any interest of any nature whatsoever in Guarantor (whether directly or indirectly) and (iii) none of the funds of Guarantor have been derived from any unlawful activity. Guarantor has implemented procedures, and will consistently apply such procedures throughout the term of the Loan and the existence of this Guaranty, to ensure the foregoing representations and warranties remain true and correct during the term of the Loan and the existence of this Guaranty, provided, other than the implementation of the foregoing procedures, Guarantor cannot control the purchase of its publicly traded stock on a national stock exchange.

(p) Compliance with Anti-Terrorism, Embargo, Sanctions and Anti-Money Laundering Laws. Guarantor and any directors, officers or employees of Guarantor, and to Guarantor's knowledge, each Person owning an interest in Guarantor (which, as to any shareholders of Guarantor which are involved in the normal operations of Guarantor, shall be after due inquiry and investigation): (a) is not a person named on the list of "Specially Designated Nationals" or "Blocked Persons" maintained by The Office of Foreign Assets Control of the United States Department of the Treasury (available at http://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/default.aspx, or as otherwise published from time to time) and (b) is not a Person with whom a citizen of the United States is prohibited to engage in transactions by the United States Foreign Corrupt Practices Act of 1977, the UK Bribery Act 2010, and other similar anti-corruption legislation in other jurisdictions where Guarantor conducts business. Guarantor has implemented procedures, and will consistently apply such procedures throughout the term of the Loan and the existence of this Guaranty, to ensure the foregoing representations and warranties remain true and correct in all material respects to Guarantor's knowledge during the term of the Loan and the existence of this Guaranty.

(q) Survival. All representations and warranties made by Guarantor herein shall survive the execution hereof.

ARTICLE 4

SUBORDINATION OF CERTAIN INDEBTEDNESS

4.1 Subordination of Guarantor's Conditional Rights. As used herein, the term "Guarantor's Conditional Rights" shall mean any and all debts and liabilities of Borrower owed to Guarantor, whether such debts and liabilities now exist or are hereafter incurred or arise, or whether the obligations of Borrower thereon be direct, contingent, primary, secondary, several, joint and several or otherwise, and irrespective of whether such debts or liabilities be evidenced by note, contract, open account or otherwise, and irrespective of the Person or Persons in whose favor such debts or liabilities may, at their inception, have been or may hereafter be created or the manner in which they have been or may hereafter be acquired by Guarantor. The Guarantor's Conditional Rights shall include, without limitation, all rights and claims of Guarantor for

subrogation, reimbursement, exoneration, contribution or indemnification, any right to participate in any claim or remedy of Lender against Borrower or any security or collateral which Lender now has or may hereafter acquire, whether or not such claim, remedy or right arises in equity or under contract, statute (including the Bankruptcy Code or any successor or similar statute) or common law, by any payment made hereunder or otherwise, including, without limitation, the right to take or receive from Borrower, directly or indirectly, in cash or other property or by set-off or in any other manner, payment or security on account of such claim or other rights, against Borrower, as a result of Guarantor's payment of all or any portion of the Guaranteed Obligations or otherwise.

4.2 Liens Subordinate; Standstill. Subject to Section 4.4(b), until the payment and performance in full of the Indebtedness, Guarantor hereby agrees that (i) all Guarantor's Conditional Rights and any and all liens, security interests, judgment liens, charges or other encumbrances upon Borrower's assets securing payment of the Guarantor's Conditional Rights shall be and remain, at all times, inferior and subordinate in all respects to the payment and performance in full of the Indebtedness and any and all liens, security interests, judgment liens, charges or other encumbrances upon Borrower's assets securing payment of the Indebtedness, regardless of whether such encumbrances in favor of Guarantor or Lender presently exist or are hereafter created or attach, (ii) Guarantor shall not be entitled to, and shall not, receive or collect, directly or indirectly, from Borrower or any other Person any amount pursuant to or in satisfaction of any of the Guarantor's Conditional Rights and (iii) Guarantor shall not, without the prior written consent of Lender, (x) exercise or enforce any creditor's right it may have against Borrower in respect of any of the Guarantor's Conditional Rights or (y) foreclose, repossess, sequester or otherwise take steps or institute any action or proceedings (judicial or otherwise, including, without limitation, the commencement of, or joinder in, any liquidation, bankruptcy, rearrangement, debtor's relief or insolvency proceeding) to enforce any liens, mortgages, deeds of trust, security interests, collateral rights, judgments or other encumbrances on assets of Borrower held by Guarantor.

4.3 Claims in Bankruptcy. In the event of receivership, bankruptcy, reorganization, arrangement, debtor's relief or other insolvency proceedings involving Guarantor as debtor (a "Guarantor Bankruptcy"), Lender shall have the right and authority, either in its own name or as an attorney-in-fact for Guarantor, to prove its claim in any such proceeding and to take such other steps as may be necessary so as to establish its rights hereunder and receive directly from the receiver, trustee or other court custodian, dividends and payments which would otherwise be payable pursuant to or in satisfaction of any of the Guarantor's Conditional Rights. Effective upon a Guarantor Bankruptcy or such earlier period as permitted by the bankruptcy court, Guarantor hereby assigns any and all such dividends and payments to Lender. Should Lender receive, for application against the Guaranteed Obligations, any dividend or payment which is otherwise payable to Guarantor and which, as between Borrower and Guarantor, shall constitute a credit against any of the Guarantor's Conditional Rights, then, upon payment and performance in full of the Indebtedness and the Guaranteed Obligations, Guarantor shall become subrogated to the rights of Lender to the extent that such payments to Lender with respect to, or in satisfaction of, such Guarantor's Conditional Rights have contributed toward the liquidation of the Guaranteed Obligations and such subrogation shall be with respect to that proportion of the Guaranteed Obligations which would have remained unpaid had Lender not received such dividends or payments upon the Guarantor's Conditional Rights.

4.4 Payments Held in Trust.

(a) In the event that, notwithstanding anything to the contrary in this Guaranty, Guarantor should receive any funds, payment, claim or distribution which is prohibited by this Guaranty on account of any of the Guarantor's Conditional Rights and either (i) such amount is paid to Guarantor at any time when any part of the Indebtedness or the Guaranteed Obligations shall not have been paid or performed in full or, (ii) regardless of when such amount is paid to Guarantor, any payment made by, or on behalf of, Borrower to Lender is subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be repaid by Lender or paid over to a trustee, receiver or any other Person, whether under any bankruptcy act or otherwise (such payment, a "Preferential Payment"), then such amount paid to Guarantor shall be held in trust for the benefit of Lender and shall forthwith be paid to Lender to be credited and applied upon the Indebtedness or the Guaranteed Obligations, whether matured or unmatured, in such order as Lender, in its sole and absolute discretion, shall determine. To the extent that any of the provisions of this Article 4 shall not be enforceable, Guarantor agrees that until such time as the Indebtedness and the Guaranteed Obligations have been paid and performed in full and the period of time has expired during which any payment made by Borrower to Lender may be determined to be a Preferential Payment, all of the Guarantor's Conditional Rights, to the extent not validly waived, shall be subordinate to Lender's right to full payment and performance of the Indebtedness and the Guaranteed Obligations and Guarantor shall not enforce any of the Guarantor's Conditional Rights during such period.

(b) Notwithstanding the foregoing or any other provisions of this Guaranty to the contrary, including without limitation Section 4.1, so long as there is no continuing Event of Default, Guarantor shall be entitled to receive and retain any and all distributions of capital or of profit that may be made by Borrower to Guarantor, directly or indirectly, in accordance with the related organizational documents and Guarantor shall not be required to deliver any such payments to Lender or to hold any such payments in trust for Lender.

ARTICLE 5

MISCELLANEOUS

5.1 Lender's Benefit; No Impairment of Loan Documents. This Guaranty is for the benefit of Lender and its successors and assigns and nothing contained herein shall impair, as between Borrower and Lender, the obligations of Borrower under the Loan Documents. Lender and its successors and assigns shall have the right to assign, in whole or in part, this Guaranty and the other Loan Documents to any Person and to participate all or any portion of the Loan, including, without limitation, any servicer or trustee in connection with a Securitization.

5.2 Successors and Assigns; Binding Effect. This Guaranty shall be binding upon Guarantor and its heirs, executors, legal representatives, successors and assigns, whether by voluntary action of the parties or by operation of law. Notwithstanding anything to the contrary herein, Guarantor may in no event delegate or transfer its obligations under, or be released from, this Guaranty, except in accordance with the terms of the Loan Agreement and this Guaranty.

5.3 Borrower. The term "Borrower" as used herein shall include any new or successor corporation, association, partnership (general or limited), limited liability company, joint venture, trust or other individual or organization formed as a result of any merger, reorganization, sale, transfer, devise, gift or bequest of or by Borrower or any interest in Borrower.

5.4 Costs and Expenses. If Guarantor should breach or fail to timely perform any provision of this Guaranty, Guarantor shall, immediately upon demand by Lender, pay to Lender any and all costs and expenses (including court costs and reasonable attorneys' fees and expenses) incurred by Lender in connection with the enforcement hereof or the preservation of Lender's rights hereunder. The covenant contained in this Section shall survive the payment and performance of the Guaranteed Obligations.

5.5 Not a Waiver; No Set-Off. The failure of any party to enforce any right or remedy hereunder, or to promptly enforce any such right or remedy, shall not constitute a waiver thereof, nor give rise to any estoppel against such party, nor excuse any other party from its obligations hereunder, nor shall a single or partial exercise thereof preclude any other future exercise, or the exercise of any other right, power, remedy or privilege. In particular, and not by way of limitation, by accepting payment after the due date of any amount payable under this Guaranty, Lender shall not be deemed to have waived any right either to require prompt payment when due of all other amounts due under this Guaranty or to declare a default for failure to effect prompt payment of any such other amount. Lender shall not be required to mitigate damages or take any other action to reduce, collect or enforce any of the Indebtedness or the Guaranteed Obligations. No set-off, counterclaim (other than compulsory counterclaims), reduction, diminution of any obligations or any defense of any kind or nature which Guarantor has or may hereafter have against Borrower or Lender shall be available hereunder to Guarantor.

5.6 PRIOR AGREEMENTS. THIS GUARANTY CONTAINS THE ENTIRE AGREEMENT OF THE PARTIES HERETO IN RESPECT OF THE GUARANTY DESCRIBED HEREIN, AND ALL PRIOR AGREEMENTS AMONG OR BETWEEN SUCH PARTIES, WHETHER ORAL OR WRITTEN, INCLUDING ANY TERM SHEETS, CONFIDENTIALITY AGREEMENTS AND COMMITMENT LETTERS, ARE SUPERSEDED BY THE TERMS OF THIS GUARANTY AS THEY RELATE TO THE GUARANTY DESCRIBED HEREIN.

5.7 No Oral Change. No modification, amendment, extension, discharge, termination or waiver of any provision of this Guaranty, nor consent to any departure by Guarantor therefrom, shall in any event be effective unless the same shall be in a writing signed by Lender, and then such waiver or consent shall be effective only in the specific instance, and for the purpose, for which given. Except as otherwise expressly provided herein, no notice to, or demand on, Guarantor, shall entitle Guarantor to any other or future notice or demand in the same, similar or other circumstances.

5.8 Separate Remedies. Each and all of Lender's rights and remedies under this Guaranty and each of the other Loan Documents are intended to be distinct, separate and cumulative and no such right or remedy herein or therein mentioned is intended to be in exclusion of or a waiver of any other right or remedy available to Lender.

5.9 Severability. Wherever possible, each provision of this Guaranty shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Guaranty shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Guaranty.

5.10 Number and Gender. All references to sections and exhibits are to sections and exhibits in or to this Guaranty unless otherwise specified. Unless otherwise specified, the words "hereof," "herein," "hereby," "hereunder" and words of similar import when used in this Guaranty shall refer to this Guaranty as a whole and not to any particular provision, article, section or other subdivision of this Guaranty. Unless otherwise specified, all meanings attributed to defined terms herein shall be equally applicable to both the singular and plural forms of the terms so defined. Whenever the context may require, any pronouns used herein shall include the corresponding masculine, feminine or neuter forms and the singular form of nouns and pronouns shall include the plural and vice versa.

5.11 Headings. The Section headings in this Guaranty are included in this Guaranty for convenience of reference only and shall not constitute a part of this Guaranty for any other purpose.

5.12 Recitals. The recitals and introductory paragraphs of this Guaranty are incorporated herein, and made a part hereof, by this reference.

5.13 Counterparts. This Guaranty may be executed in any number of counterparts, each of which when so executed and delivered shall be an original, but all of which shall together constitute one and the same instrument.

5.14 Notices. All notices, consents, approvals and requests required or permitted hereunder shall be given in writing by expedited prepaid delivery service, either commercial or United States Postal Service, with proof of delivery or attempted delivery, addressed as follows (or at such other address and person as shall be designated from time to time by any party to this Guaranty, as the case may be, in a written notice to the other parties to this Guaranty in the manner provided for in this Section). A notice shall be deemed to have been given when delivered or upon refusal to accept delivery.

If to Lender: Goldman Sachs Mortgage Company
200 West Street
New York, New York 10282
Attention: Rene Theriault and J. Theodore Borter

and to: Goldman Sachs Mortgage Company
6011 Connection Drive, Suite 550
Irving, Texas 75039
Attention: General Counsel

with a copy to: Winstead PC
201 North Tryon Street
Suite 2000
Charlotte, North Carolina 28202
Attention: Brian S. Short, Esq.

If to Guarantor: Stratus Properties Inc.
212 Lavaca Street
Suite 300
Austin, Texas 78701
Attention: Beau Armstrong

with a copy to: Armbrust & Brown PLLC
100 Congress Avenue
Suite 1300
Austin, Texas 78701
Attention: Kenneth Jones, Esq.

5.15 GOVERNING LAW.

(a) THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF TEXAS WITHOUT REGARD TO CHOICE OF LAW RULES TO THE EXTENT THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION WOULD BE REQUIRED THEREBY.

(b) ANY LEGAL SUIT, ACTION OR PROCEEDING AGAINST LENDER OR BORROWER ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OF THE OTHER LOAN DOCUMENTS (OTHER THAN ANY ACTION IN RESPECT OF THE CREATION, PERFECTION OR ENFORCEMENT OF A LIEN OR SECURITY INTEREST CREATED PURSUANT TO ANY LOAN DOCUMENTS NOT GOVERNED BY THE LAWS OF THE STATE OF NEW YORK OR TEXAS) MAY BE INSTITUTED IN ANY FEDERAL OR STATE COURT IN NEW YORK, NEW YORK OR TRAVIS COUNTY, TEXAS. BORROWER AND LENDER HEREBY (i) IRREVOCABLY WAIVE, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT THEY MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN SUCH A COURT AND ANY CLAIM THAT ANY SUCH PROCEEDING BROUGHT IN SUCH A COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM, (ii) IRREVOCABLY SUBMIT TO THE JURISDICTION OF ANY SUCH COURT IN ANY SUCH SUIT, ACTION OR PROCEEDING, AND (iii) IRREVOCABLY CONSENT TO SERVICE OF PROCESS BY MAIL, PERSONAL SERVICE OR IN ANY OTHER MANNER PERMITTED BY APPLICABLE LAW, AT THE ADDRESS SPECIFIED IN SECTION 5.14 (AND AGREES THAT SUCH SERVICE AT SUCH ADDRESS IS SUFFICIENT TO CONFER PERSONAL JURISDICTION OVER ITSELF IN ANY SUCH SUIT, ACTION OR PROCEEDING IN ANY SUCH COURT, AND OTHERWISE CONSTITUTES EFFECTIVE AND BINDING SERVICE IN EVERY RESPECT).

5.16 TRIAL BY JURY. GUARANTOR, TO THE FULLEST EXTENT THAT IT MAY LAWFULLY DO SO, HEREBY AGREES NOT TO ELECT A TRIAL BY JURY OF ANY ISSUE TRIABLE OF RIGHT BY JURY, AND WAIVES ANY RIGHT TO TRIAL BY JURY FULLY TO THE EXTENT THAT ANY SUCH RIGHT SHALL NOW OR HEREAFTER EXIST WITH REGARD TO THIS GUARANTY OR ANY OF THE OTHER LOAN DOCUMENTS, OR ANY CLAIM, COUNTERCLAIM OR OTHER ACTION ARISING IN CONNECTION THEREWITH. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS GIVEN KNOWINGLY AND VOLUNTARILY BY GUARANTOR AND IS INTENDED TO ENCOMPASS INDIVIDUALLY EACH INSTANCE AND EACH ISSUE AS TO WHICH THE RIGHT TO A TRIAL BY JURY WOULD OTHERWISE ACCRUE. LENDER IS HEREBY AUTHORIZED TO FILE A COPY OF THIS PARAGRAPH IN ANY PROCEEDING AS CONCLUSIVE EVIDENCE OF THIS WAIVER BY GUARANTOR.

5.17 Brokers and Financial Advisors. Guarantor hereby represents that none of Borrower, Guarantor or any of their respective affiliates has dealt with any financial advisors, brokers, underwriters, placement agents, agents or finders in connection with the transactions contemplated by this Guaranty and/or the other Loan Documents other than HFF LP. Guarantor agrees to indemnify and hold Lender harmless from and against any and all claims, liabilities, costs and expenses of any kind in any way relating to or arising from a claim by any Person that such Person acted on behalf of Borrower, Guarantor or any of their respective affiliates in connection with the transactions contemplated in this Guaranty and/or the other Loan Documents. The provisions of this Section shall survive the expiration and termination of this Guaranty and the repayment of the Indebtedness.

5.18 Net Worth and Liquidity Covenants.

(a) As used in this Section 5.18, the following terms shall have the respective meanings set forth below:

(i) "Liquid Assets" shall mean assets in the form of cash, cash equivalents, obligations of (or fully guaranteed as to principal and interest by) the United States or any agency or instrumentality thereof (provided the full faith and credit of the United States supports such obligation or guarantee), certificates of deposit issued by a commercial bank having net assets of not less than $500 million, securities listed and traded on a recognized stock exchange or traded over the counter and listed in the National Association of Securities Dealers Automatic Quotations, liquid debt instruments that have a readily ascertainable value and are regularly traded in a recognized financial market and available credit facilities as set forth in the annual 10-K statements filed by Guarantor.

(ii) "Net Worth" shall mean, as of a given date, the estimated net market value of Guarantor based upon the most recent annual Stratus Investor Presentation prepared in the same manner in all material respects as set forth in the Stratus Investors Presentation dated April 15, 2015.

(b) Guarantor acknowledges and agrees that failure to maintain (A) a Net Worth (excluding any value attributable to the Property) in excess of $125,000,000 (the "Net Worth Threshold") and (B) Liquid Assets (excluding any Liquid Assets attributable to the

Property) having a market value of at least $10,000,000 (the "Liquid Assets Threshold") will cause a Trigger Period under the Loan Agreement. For any period that Guarantor fails to maintain the Net Worth Threshold or the Liquid Assets Threshold, a Trigger Period shall be deemed to exist as set forth in the Loan Agreement but Guarantor shall not be deemed to have committed a Default or Event of Default hereunder.

(c) Guarantor shall not, at any time while a default in the payment of the Guaranteed Obligations has occurred and is continuing, enter into or effectuate any transaction with any affiliate which would reduce its Net Worth or Liquid Assets.

(d) Guarantor shall keep and maintain or will cause to be kept and maintained proper and accurate financial statements which shall be in form, content, level of detail and scope reasonably acceptable to Lender. Lender shall have the right from time to time during normal business hours upon reasonable advance notice to Guarantor to examine such financial statements and to make such copies or extracts thereof as Lender shall desire.

(e) Guarantor shall deliver to Lender (i) unaudited financial statements certified by Guarantor or financial statements audited by Approved Accountant within 90 days after the end of each calendar year and within 45 days after the end of each Fiscal Quarter, (ii) with any annual financial statements, an updated investor presentation in form and substance substantially similar to the Sponsor Investor Presentation; and (iii) upon request (which request may not be made more often than twice in any 12-month period absent a continuing Event of Default), a certification that Guarantor's Net Worth is equal to or exceeds the Net Worth Threshold and Guarantor's Liquid Assets is equal to or exceeds the Liquid Assets Threshold.

5.19 **SPECIFIC NOTICE REGARDING INDEMNITIES. IT IS EXPRESSLY AGREED AND UNDERSTOOD THAT THIS GUARANTY INCLUDES INDEMNIFICATION PROVISIONS WHICH, IN CERTAIN CIRCUMSTANCES, COULD INCLUDE AN INDEMNIFICATION BY GUARANTOR OF LENDER FROM CLAIMS OR LOSSES ARISING AS A RESULT OF LENDER'S OWN NEGLIGENCE**.

[Remainder of page intentionally left blank;
Signature page follows.]

IN WITNESS WHEREOF, the undersigned has executed this Guaranty all as of the day and year first above written.

GUARANTOR:

STRATUS PROPERTIES INC.,
a Delaware corporation

By: /s/ Erin D. Pickens
Name: Erin D. Pickens
Title: Senior Vice President

GUARANTY OF RECOURSE OBLIGATIONS

THIS GUARANTY OF RECOURSE OBLIGATIONS (this "Guaranty"), dated as of June 17, 2021, is made by **STRATUS PROPERTIES INC.**, a Delaware corporation (whether one or more collectively referred to as "Guarantor"), for the benefit of **REGIONS BANK**, an Alabama state banking corporation (together with its successors and assigns, "Lender").

RECITALS

A. **COLLEGE STATION 1892 PROPERTIES, L.L.C.**, a Texas limited liability company ("Borrower"), has become indebted, and may from time to time be further indebted, to Lender with respect to a loan (the "Loan") pursuant to that certain Loan Agreement, dated as of the date hereof (as the same may be amended, restated, replaced, supplemented, or otherwise modified from time to time, the "Loan Agreement"). Capitalized terms used herein without definition shall have the meanings ascribed to such terms in the Loan Agreement.

B. Lender is not willing to make the Loan to Borrower unless Guarantor unconditionally guarantees payment and performance to Lender of the Guaranteed Obligations (as hereinafter defined).

NOW, THEREFORE, as an inducement to Lender to make the Loan to Borrower, and for other good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, the parties do hereby agree as follows:

ARTICLE I - NATURE AND SCOPE OF GUARANTY

Section 1.1 Guaranty of Obligations. Guarantor hereby irrevocably and unconditionally guarantees to Lender the payment and performance of the Guaranteed Obligations in accordance herewith, as and when the same shall be due and payable, whether by lapse of time, by acceleration of maturity or otherwise. Guarantor hereby irrevocably and unconditionally covenants and agrees that it is liable for the Guaranteed Obligations as a primary obligor. Each Person constituting Guarantor hereunder shall have joint and several liability for the Guaranteed Obligations.

Section 1.2 Definition of Guaranteed Obligations.

(a) As used herein, the term "Guaranteed Obligations" means, collectively, all obligations and liabilities of Borrower pursuant to Section 10.1(a) items (i)-(xv) and Section 10.1(b) of the Loan Agreement.

(b) Notwithstanding anything to the contrary in this Guaranty or in any of the other Loan Documents, Lender shall not be deemed to have waived any right which Lender may have under Section 506(a), 506(b), 1111(b) or any other provisions of the Bankruptcy Code to file a claim for the full amount of the Debt or to require that all collateral shall continue to secure all of the Debt owing to Lender in accordance with the Loan Documents.

(c) The term "Guaranteed Obligations" as used herein shall not include any obligation arising under any "swap" (as such term is defined in the Commodity Exchange Act, as in effect from time to time, and the official rules and regulations promulgated thereunder (collectively, the "CEA")) to the extent that the guarantee of such swap obligation by the Guarantor would be impermissible or illegal under the CEA.

Section 1.3 Nature of Guaranty. Subject to the terms hereof, this Guaranty is an irrevocable, absolute, continuing guaranty of payment and performance of the Guaranteed Obligations as and when due and payable in accordance with the Loan Documents and not a guaranty of collection. This Guaranty may not be revoked by Guarantor and shall continue to be effective with respect to any Guaranteed Obligations arising or created after any attempted revocation by Guarantor and after (if Guarantor is a natural person) Guarantor's death (in which event this Guaranty shall be binding upon Guarantor's estate, legal representatives and heirs).

Section 1.4 Payment by Guarantor. Guarantor shall, within ten (10) days of written demand by Lender (including reasonable detail regarding the claimed Guaranteed Obligations for which payment is sought, the basis therefor and amounts in question and those required for payment), pay the amount due on the Guaranteed Obligations to Lender at Lender's address as set forth herein or as otherwise instructed by Lender. Such demand(s) may be made at any time coincident with or after the time for payment of all or any part of the Guaranteed Obligations with respect to the same or different Guaranteed Obligations.

Section 1.5 No Duty to Pursue Others. Lender shall not be required (and Guarantor hereby waives any rights to require Lender), in order to enforce the obligations of Guarantor hereunder, first (i) to institute suit or otherwise exhaust its remedies against Borrower or any other Persons liable on the Loan or the Guaranteed Obligations, or against any other Person, (ii) to enforce Lender's rights against any collateral given to secure the Loan, (iii) to enforce Lender's rights against any other guarantors of the Guaranteed Obligations, (iv) to join Borrower or any other Persons liable on the Guaranteed Obligations in any action seeking to enforce this Guaranty, (v) to exhaust any available remedies against any collateral given to secure the Loan, or (vi) to resort to any other means of obtaining payment of the Guaranteed Obligations.

Section 1.6 Waivers. Guarantor agrees to the provisions of the Loan Documents and hereby waives notice of (i) any loans or advances made by Lender to Borrower with respect to the Loan, (ii) acceptance of this Guaranty, (iii) any amendment, modification, replacement or extension of any Loan Document, (iv) the execution and delivery by Borrower and/or Lender of any other agreements, promissory notes or other documents arising under the Loan Documents or in connection with the Property, (v) any Event of Default, (vi) Lender's transfer, participation, componentization or other disposition of the Debt or the Guaranteed Obligations, or any part thereof, (vii) sale or foreclosure (or posting or advertising therefor) of any collateral for the Guaranteed Obligations, (viii) protest, presentment, intention to accelerate the maturity, acceleration of the maturity, or proof of non-payment or default by Borrower, or (ix) except to the extent expressly required by the terms hereof, any other action taken or omitted by Lender and any and all demands and notices of every kind in connection with this Guaranty,

the Loan Documents, and any documents or agreements evidencing, securing or relating to any of the Guaranteed Obligations and any other obligations hereby guaranteed.

Section 1.7 Payment of Expenses. If Guarantor fails to timely perform any provisions of this Guaranty within applicable time periods hereunder, Guarantor shall, within ten (10) days of written demand by Lender, pay Lender any and all reasonable out-of-pocket costs and expenses (including court costs and reasonable attorneys' fees and expenses) incurred by Lender in the enforcement hereof or the preservation of Lender's rights hereunder. The covenant contained in this Section 1.7 shall survive the payment and performance of the Guaranteed Obligations.

Section 1.8 Effect of Bankruptcy. If pursuant to any Bankruptcy Action concerning Borrower or Guarantor, Lender must rescind, restore or return any payment or any part thereof received by Lender in satisfaction (in full or in part) of the Guaranteed Obligations, as set forth herein, any prior release or discharge from the terms of this Guaranty given to Guarantor by Lender shall be without effect, and this Guaranty shall remain in full force and effect. Guarantor acknowledges that Guarantor's obligations hereunder shall not be discharged except by Borrower's payment and performance of the Guaranteed Obligations or Guarantor's payment and performance of same and then only to the extent of such payment and performance. In addition, if at any time any payment of principal, interest or any other amount payable by Borrower under any Loan Document, is rescinded or must be restored or returned pursuant to a Bankruptcy Action concerning Borrower or otherwise, Guarantor's obligations hereunder with respect to such payment shall be fully reinstated as though such payment has been due but not made.

Section 1.9 Waiver of Subrogation, Reimbursement and Contribution. Notwithstanding anything to the contrary contained in this Guaranty, Guarantor hereby unconditionally and irrevocably waives, releases and abrogates any and all rights it may now or hereafter have under any agreement, at law or in equity (including, without limitation, any law subrogating Guarantor to the rights of Lender), to assert any claim against or seek contribution, indemnification or any other form of reimbursement from Borrower or any other party liable for payment of any or all of the Guaranteed Obligations for any payment made by Guarantor under or in connection with this Guaranty or otherwise until the Debt is indefeasibly paid in full. The provisions of this paragraph shall survive the termination of this Guaranty, and any satisfaction and discharge of Borrower by virtue of any payment, court order or any applicable Legal Requirements.

Section 1.10 Borrower. The term "Borrower" as used herein shall include any new or successor corporation, association, partnership (general or limited), limited liability company, joint venture, trust or other individual or organization formed as a result of any merger, reorganization, sale, transfer, assignment, devise, gift or bequest of or by Borrower or any interest in Borrower or the Loan.

Section 1.11 Other Guaranties. This Guaranty is separate, distinct and in addition to any liability and/or obligations that Borrower or Guarantor may have under any other guaranty or indemnity executed by Borrower or Guarantor in connection with the Loan, and no

other agreement, guaranty or indemnity executed in connection with the Loan shall act to reduce or set off any of Guarantor's liability hereunder.

ARTICLE II- EVENTS AND CIRCUMSTANCES NOT REDUCING OR DISCHARGING GUARANTOR'S OBLIGATIONS

Section 2.1 Events and Circumstances Not Reducing or Discharging Guarantor's Obligations. Guarantor hereby consents and agrees to each of the following, except to the extent expressly required by the terms hereof, and agrees that Guarantor's obligations hereunder shall not be released, diminished, impaired, reduced or adversely affected in any way by any of the following, and, to the extent permitted under applicable Legal Requirements, waives any common law, equitable, statutory or other rights (including, without limitation, rights to notice) which Guarantor might have in connection with any of the following:

(a) Modifications, Releases, Etc. Any (i) renewal, extension, increase, reduction, modification, alteration or rearrangement of all or any part of the Guaranteed Obligations, any Loan Document, or any other document or agreement between Borrower and Lender or any other parties pertaining to the Guaranteed Obligations (including, without limitation, any sale, assignment, or negotiation of the Note); (ii) adjustment, indulgence, forbearance or compromise that might be extended, granted or given by Lender to Borrower or Guarantor; (iii) full or partial release of the liability of Borrower, Guarantor, any other guarantor of the Debt or the Guaranteed Obligations, or any other Person, with respect to the Guaranteed Obligations; (iv) taking or accepting of any other security, collateral or guaranty of payment for all or any part of the Guaranteed Obligations; or (v) release, surrender, exchange, subordination, deterioration, waste, loss or impairment (including, without limitation, negligent, willful, unreasonable or unjustifiable impairment) of any collateral, property or security at any time existing in connection with, or assuring or securing payment of, all or any part of the Guaranteed Obligations.

(b) Condition of Borrower or Guarantor. The existence of a Bankruptcy Action concerning Borrower, Guarantor or any other party liable for the payment of all or part of the Guaranteed Obligations, or any dissolution of Borrower or Guarantor or any sale, lease or transfer of any or all of the assets of Borrower or Guarantor, or any changes in the shareholders, partners or members of Borrower or Guarantor, or any merger, consolidation, except as permitted pursuant to the Loan Agreement, or reorganization of Borrower or Guarantor into or with any other Person.

(c) Invalidity, Unenforceability, Offset, Etc. The invalidity, illegality or unenforceability of all or any part of the Guaranteed Obligations or any Loan Document, or of any other document or agreement executed in connection with the Guaranteed Obligations for any reason whatsoever, including, without limitation, the fact that (i) the Guaranteed Obligations or any part thereof exceeds the amount permitted by law, (ii) the act of creating the Guaranteed Obligations or any part thereof is ultra vires, (iii) the officers or representatives executing the Loan Documents or otherwise creating the Guaranteed Obligations acted in excess of their authority, (iv) the Guaranteed Obligations violate applicable usury laws, (v) Borrower has valid defenses, claims or offsets (whether at law, in equity or by agreement) which render the Guaranteed Obligations wholly or partially uncollectible from Borrower, and whether such

defense, claim, or right of offset arises in connection with the Guaranteed Obligations, the transactions creating same, or otherwise (including any defense based upon any statute or rule of law which provides that the obligation of a surety must be neither larger in amount nor in other respects more burdensome than that of the principal and any defense of the statute of limitations in any action hereunder or in any action for the collection or performance of any obligations hereby guaranteed), other than payment in full of the Guaranteed Obligations and full satisfaction of all of the terms, provisions and conditions applicable to Guarantor under this Guaranty, (vi) the creation, performance or repayment of the Guaranteed Obligations (or the execution, delivery and performance of any document or instrument representing part of the Guaranteed Obligations, or executed in connection with the Guaranteed Obligations, or given to secure the repayment of the Guaranteed Obligations) is illegal, uncollectible or unenforceable, (vii) any Loan Document has been forged, or is not genuine or authentic, it being agreed that Guarantor shall remain liable hereunder regardless of whether Borrower or any other person be found not liable on the Guaranteed Obligations or any part thereof for any reason, or (viii) any collateral, security, security interest or lien contemplated or intended to be given, created or granted as security for the repayment of the Guaranteed Obligations, or any part thereof, shall not be properly perfected or created, or shall prove to be unenforceable or subordinate to any other security interest or lien, it being acknowledged and agreed by Guarantor that Guarantor is not entering into this Guaranty in reliance on, or in contemplation of the benefits of, the validity, enforceability, collectability or value of any of the collateral for the Guaranteed Obligations.

(d) Care and Diligence. The failure of Lender or any other party to exercise diligence or reasonable care in the preservation, protection, enforcement, sale or other handling or treatment of all or any part of any collateral, property or security, including, without limitation, any neglect, delay, omission, failure or refusal of Lender (i) to take or prosecute any action for the collection of any of the Guaranteed Obligations, (ii) to foreclose, or initiate any action to foreclose, or, once commenced, prosecute to completion any action to foreclose upon any security therefor, or (iii) to take or prosecute any action in connection with any instrument or agreement evidencing or securing all or any part of the Guaranteed Obligations.

(e) Preference. Any payment by Borrower to Lender is held to constitute a preference under bankruptcy laws or for any reason Lender is required to refund or remit any such payment or amount to Borrower or any other Person.

(f) Other Actions Taken or Not Taken. Any other action taken or not taken with respect to the Loan Documents, the Guaranteed Obligations, or the security and collateral therefor, whether or not such action or inaction prejudices Guarantor or increases the likelihood that Guarantor will be required to pay the Guaranteed Obligations pursuant to the terms hereof.

ARTICLE III - REPRESENTATIONS AND WARRANTIES AND COVENANTS

Section 3.1 Representations and Warranties. To induce Lender to enter into the Loan Documents and to make the Loan, Guarantor represents and warrants to Lender that, as of the date hereof: (a) Guarantor will receive a direct or indirect benefit from the making of the Loan to Borrower; (b) Guarantor is familiar with, and has independently reviewed books and records regarding, the financial condition of Borrower and any and all collateral intended to be given as security for the payment of the Debt; (c) neither Lender nor any other party has made

any representation, warranty or statement to Guarantor in order to induce Guarantor to execute this Guaranty; (d) after giving effect to this Guaranty, Guarantor is solvent, and has assets which, fairly valued, exceed its obligations, liabilities (including contingent liabilities) and debts, and has property and assets sufficient to satisfy and repay its obligations and liabilities; (e) to Guarantor's knowledge, the execution, delivery and performance by Guarantor of this Guaranty and the consummation of the transactions contemplated hereunder do not and will not contravene or conflict with any law, statute or regulation to which Guarantor is subject, or constitute a default (or which with notice, or lapse of time, or both, would constitute a default) under, or result in the breach of, any indenture, mortgage, charge, lien, or any contract or agreement to which Guarantor is a party or which may be applicable to Guarantor; (f) to Guarantor's knowledge, no approval, authorization, order, license or consent of, or registration or filing with, any Governmental Authority or other person, and no approval, authorization or consent of any other Person is required in connection with this Guaranty; (g) to Guarantor's knowledge, there are no actions, suits or proceedings at law or in equity by or before any Governmental Authority or other agency now pending and served or, to Guarantor's knowledge, threatened, involving or concerning Guarantor which would have a material adverse effect on Guarantor's ability to perform its obligations under this Guaranty and the other Loan Documents to which Guarantor is a party; (h) to Guarantor's knowledge, there are no outstanding or unpaid judgments against Borrower, Guarantor or the Property; (i) to Guarantor's knowledge, there are no defaults by Guarantor with respect to any order, writ, injunction, decree, or demand of any Governmental Authority or arbitrator; and (j) this Guaranty is a legal, valid and binding obligation of Guarantor, and is enforceable in accordance with its terms, except as may be limited by principles of equity, bankruptcy, insolvency or other laws of general application relating to the enforcement of creditors' rights.

Section 3.2 Financial Reporting Requirements.

(a) Guarantor shall furnish, or cause to be furnished, to Lender, in form and detail reasonably satisfactory to Lender, within one hundred twenty (120) days following the end of each Fiscal Year, a certified, true, complete, correct and accurate copy of Guarantor's annual audited financial statements, prepared by an independent certified public accountant reasonably acceptable to Lender, including, without limitation, a year-end income statement and balance sheet; provided, however, that notwithstanding the foregoing, for so long as Guarantor is publicly traded and listed on the New York Stock Exchange, NASDAQ Exchange or another nationally recognized publicly-traded stock exchange, Guarantor shall not be required to deliver the financial statements set forth in this Section 3.2(a).

(b) Guarantor shall furnish, or cause to be furnished, to Lender, in form and detail reasonably satisfactory to Lender, within one hundred twenty (120) days following the end of each Fiscal Year, a certificate of an authorized representative of Guarantor setting forth in reasonable detail Guarantor's Liquid Assets, together with (i) a copy of the audited annual balance sheet of Guarantor as of the end of such Fiscal Year which reasonably verifies the amount of Guarantor's Liquid Assets of Guarantor set forth on such certificate and (ii) Guarantor's notation to Lender as to which section of such audited annual balance sheet of Guarantor actually verifies the amount of Guarantor's Liquid Assets as of the end of such Fiscal Year.

(c) Guarantor shall furnish, or cause to be furnished, to Lender, within ten (10) Business Days after written request, such further information with respect to Guarantor as may be reasonably requested by Lender.

All financial statements and other documents to be delivered pursuant to this Guaranty shall (A) be in form and substance acceptable to Lender in Lender's reasonable discretion, and in any event shall be in form and content consistent with the financial information of Guarantor provided to Lender by Guarantor prior to the date hereof, (B) be prepared in accordance with the Accounting Principles, and (C) be certified by a responsible officer or other authorized party of Guarantor on behalf of Guarantor as being true, correct, complete and accurate in all material respects and fairly reflecting the results of operations and financial condition of Guarantor for the relevant period, as applicable.

Section 3.3 Additional Provisions; Guarantor's Unencumbered Liquid Asset and Net Worth Covenants. Without limiting anything set forth in Sections 3.1 and 3.2 above, Guarantor hereby represents, warrants, covenants and agrees as follows:

(a) Guarantor (i) is duly organized and validly existing in good standing under the laws of the State of its formation, (ii) is duly qualified to do business in each jurisdiction in which the nature of its business makes such qualification necessary, (iii) has the requisite power and authority to carry on its business as now being conducted, and (iv) has the requisite power to execute and deliver, and perform its obligations under, this Guaranty and any other Loan Document to which it is a party.

(b) The execution and delivery by Guarantor of this Guaranty and any other Loan Document to which it is a party, and Guarantor's performance of its obligations thereunder (i) have been duly authorized by all requisite action on the part of Guarantor, (ii) will not violate any provision of any applicable Legal Requirements, and (iii) will not be in conflict with, result in a breach of, or constitute (with due notice or lapse of time or both) a default under, or result in the creation or imposition of any Lien of any nature whatsoever upon any of the property or assets of Guarantor pursuant to, any indenture or agreement or instrument. This Guaranty and the other Loan Documents to which Guarantor is a party have been duly executed and delivered by Guarantor.

(c) At all times until the Guaranteed Obligations have been fully satisfied, Guarantor shall maintain Liquid Assets having a market value of at least $2,000,000.00.

As used in Sections 3.2 and 3.3, the term "Liquid Assets" means unrestricted or unencumbered assets in the form of (i) cash, (ii) cash equivalents (including without limitation, any amounts held in demand deposit accounts with a commercial bank having net assets of not less than $500 million), (iii) obligations of (or fully guaranteed as to principal and interest by) the United States or any agency or instrumentality thereof (provided the full faith and credit of the United States supports such obligation or guarantee), (iv) certificates of deposit issued by a commercial bank having net assets of not less than $500 million, (v) securities listed and traded on a recognized stock exchange or traded over the counter and listed in the National Association of Securities Dealers Automatic Quotations, and (vi) undrawn proceeds of any then-existing corporate lines of credit provided to Guarantor by any unaffiliated institutional lender (excluding any such lines of credit if Guarantor is in default thereunder), provided that Guarantor has

the unrestricted ability to use the proceeds of such lines of credit at its discretion to pay any of its direct or guaranteed obligations (it being agreed that any such line of credit proceeds that are so restricted or otherwise not available to Guarantor to pay its direct and guaranteed obligations, at its discretion, shall not be included in Liquid Assets).

ARTICLE IV - SUBORDINATION OF CERTAIN INDEBTEDNESS

Section 4.1 Subordination of All Guarantor Claims. As used herein, the term "Guarantor Claims" shall mean any and all debts and liabilities of Borrower owed to Guarantor, whether now existing or hereafter incurred, including, without limitation, all rights and claims of Guarantor against Borrower (arising as a result of subrogation or otherwise) as a result of Guarantor's payment of all or any portion of the Guaranteed Obligations. Without limiting the provisions of Section 1.9, Guarantor hereby subordinates its rights to receive any payment from Borrower on account of any Guarantor Claims to the full and indefeasible payment of the Debt payable to Lender. Following the occurrence and during the continuance of an Event of Default, Guarantor shall not demand, receive or collect, directly or indirectly, from Borrower or any other party, and shall not claim any offset or other reduction of Guarantor's obligations hereunder because of, any amount pursuant to or in satisfaction of the Guarantor Claims until the Debt is indefeasibly paid in full.

Section 4.2 Claims in Bankruptcy. In the event of an Bankruptcy Action involving Guarantor as debtor, Lender shall have the right to prove its claim in any such proceeding so as to establish its rights hereunder and receive directly from the receiver, trustee or other court custodian dividends and payments which would otherwise be payable pursuant to or in satisfaction of Guarantor Claims. Guarantor hereby assigns any and all such dividends and payments to Lender.

Section 4.3 Payments Held in Trust. If, notwithstanding anything to the contrary contained in this Guaranty, Guarantor should receive any funds, payment, claim or distribution which is prohibited hereunder, Guarantor covenants and agrees to hold in trust for Lender an amount equal to the amount of all funds, payments, claims or distributions so received, and Guarantor acknowledges and agrees that it shall have absolutely no dominion over the amount of such funds, payments, claims or distributions so received, except to pay them promptly to Lender, and Guarantor hereby covenants and agrees promptly to pay the same to Lender.

Section 4.4 Liens Subordinate; Standstill. Guarantor acknowledges and agrees that any liens, security interests, judgment liens, charges or other encumbrances upon Borrower's assets securing payment of the Guarantor Claims shall be and remain inferior and subordinate to any liens, security interests, judgment liens, charges or other encumbrances upon Borrower's assets securing payment of the Guaranteed Obligations, regardless of whether such encumbrances in favor of Guarantor or Lender presently exist or are hereafter created or attach. Guarantor shall not (i) exercise or enforce any creditor's right it may have against Borrower, or (ii) foreclose, repossess, sequester or otherwise take steps or institute any action or proceedings (judicial or otherwise, including, without limitation, the commencement of, or joinder in, any liquidation, bankruptcy, rearrangement, debtor's relief or insolvency proceeding) to enforce any

liens, mortgages, deeds of trust, security interests, collateral rights, judgments or other encumbrances on assets of Borrower held by Guarantor.

ARTICLE V - MISCELLANEOUS

Section 5.1 Waiver. No failure to exercise, and no delay in exercising, on the part of Lender, any right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right. The rights of Lender hereunder shall be in addition to all other rights provided by law. No notice or demand given in any case shall constitute a waiver of the right to take other action in the same, similar or other instances without such notice or demand, except to the extent such notice or demand is expressly required by the terms hereof.

Section 5.2 Notices. All notices, consents, approvals, demands and requests required or permitted hereunder shall be given in writing and shall be effective for all purposes if hand delivered or sent by (a) hand delivery, with proof of attempted delivery, (b) certified or registered United States mail, postage prepaid, or (c) expedited prepaid delivery service, either commercial or United States Postal Service, with proof of attempted delivery, addressed to the parties as follows:

If to Lender: Regions Bank
3773 Richmond Avenue, Suite 1100
Houston, Texas 77046
Attn: Commercial Real Estate, Nick Welch

with copies to: Regions Bank
100 Congress Avenue, Suite 1700
Austin, Texas 78701
Attn: Commercial Real Estate, Kyle Shaw

Locke Lord LLP
600 Congress Ave., Suite 2200
Austin, Texas 78701
Attention: L. Jeffrey Hubenak

If to Guarantor: Stratus Properties, Inc.
212 Lavaca St., Suite 300
Austin, Texas 78701
Attention: Erin D. Pickens
with a copy to: Armbrust & Brown, PLLC
100 Congress Avenue, Suite 1300
Austin, Texas 78701
Attention: Kenneth Jones

A party receiving a notice which does not comply with the technical requirements for notice under this Section 5.2 may elect to waive any deficiencies and treat the notice as having been properly given. A notice shall be deemed to have been given: (a) in the case of hand delivery, at the time of delivery; (b) in the case of registered or certified mail, when delivered or the first attempted delivery on a Business Day; (c) in the case of expedited prepaid delivery upon the first attempted delivery on a Business Day; or (d) in the case of telecopier, upon receipt of answerback confirmation, provided that such telecopied notice was also delivered as required in this Section 5.2.

Section 5.3 Governing Law; Submission to Jurisdiction.

(a) This Guaranty shall be interpreted and enforced according to the laws of the State of Texas (without giving effect to rules regarding conflict of laws).

(b) Guarantor hereby consents and submits to the exclusive jurisdiction and venue of any state or federal court sitting in the county and state where the Property is located with respect to any legal action or proceeding arising with respect to this Guaranty and waives all objections which it may have to such jurisdiction and venue.

Section 5.4 Severability. Wherever possible, each provision of this Guaranty shall be interpreted in such manner as to be effective and valid under applicable Legal Requirements, but if any provision of this Guaranty shall be prohibited by or invalid under applicable Legal Requirements, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Guaranty.

Section 5.5 Modification; Waiver in Writing. No modification, amendment, extension, discharge, termination or waiver of any provision of this Guaranty, nor consent to any departure by Guarantor therefrom, shall in any event be effective unless the same shall be in a writing signed by the party against whom enforcement is sought, and then such waiver or consent shall be effective only in the specific instance, and for the purpose, for which given. Except as otherwise expressly provided herein, no notice to, or demand on Guarantor, shall entitle Guarantor to any other or future notice or demand in the same, similar or other circumstances.

Section 5.6 Number and Gender. All references to sections and exhibits are to sections and exhibits in or to this Guaranty unless otherwise specified. Unless otherwise specified, the words "hereof," "herein" and "hereunder" and words of similar import when used in this Guaranty shall refer to this Guaranty as a whole and not to any particular provision, article, section or other subdivision of this Guaranty. Unless otherwise specified, all meanings attributed to defined terms herein shall be equally applicable to both the singular and plural forms of the terms so defined. Whenever the context may require, any pronouns used herein shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns and pronouns shall include the plural and vice versa.

Section 5.7 Headings, Etc. The headings and captions of various paragraphs of this Guaranty are for the convenience of reference only and are not to be construed as defining or limiting, in any way, the scope or intent of the provisions hereof.

Section 5.8 Counterparts. This Guaranty may be executed in several counterparts, each of which counterparts shall be deemed an original instrument and all of which together shall constitute a single Guaranty. The failure of any party hereto to execute this Guaranty, or any counterpart hereof, shall not relieve the other signatories from their obligations hereunder.

Section 5.9 Rights and Remedies. If Guarantor becomes liable for any indebtedness owing by Borrower to Lender, by endorsement or otherwise, other than pursuant to this Guaranty, such liability shall not be in any manner impaired or affected hereby, and the rights of Lender hereunder shall be cumulative of any and all other rights that Lender may ever have against Guarantor. The exercise by Lender of any right or remedy hereunder or under any other instrument, or at law or in equity, shall not preclude the concurrent or subsequent exercise of any other right or remedy.

Section 5.10 Entire Agreement. This Guaranty and the other Loan Documents embody the final, entire agreement of Guarantor and Lender with respect to the Guarantor's guaranty of the Guaranteed Obligations and supersedes any and all prior commitments, agreements, representations, and understandings, whether written or oral, relating to the subject matter hereof. This Guaranty is intended by Guarantor and Lender as a final and complete expression of the terms of the Guaranty, and no course of dealing between Guarantor and Lender, no course of performance, no trade practices, and no evidence of prior, contemporaneous or subsequent oral agreements or discussions or other extrinsic evidence of any nature shall be used to contradict, vary, supplement or modify any term of this Guaranty. There are no oral agreements between Guarantor and Lender.

Section 5.11 Waiver of Right to Trial by Jury. GUARANTOR, AND LENDER BY ITS ACCEPTANCE OF THIS GUARANTY, HEREBY AGREE NOT TO ELECT A TRIAL BY JURY OF ANY ISSUE TRIABLE OF RIGHT BY JURY, AND WAIVES ANY RIGHT TO TRIAL BY JURY FULLY TO THE EXTENT THAT ANY SUCH RIGHT SHALL NOW OR HEREAFTER EXIST WITH REGARD TO THIS GUARANTY, OR ANY CLAIM, COUNTERCLAIM OR OTHER ACTION ARISING IN CONNECTION THEREWITH. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS GIVEN KNOWINGLY AND VOLUNTARILY BY GUARANTOR AND LENDER, AND IS INTENDED TO ENCOMPASS INDIVIDUALLY EACH INSTANCE AND EACH ISSUE AS TO WHICH THE RIGHT TO A TRIAL BY JURY WOULD OTHERWISE ACCRUE. GUARANTOR AND LENDER ARE EACH HEREBY AUTHORIZED TO FILE A COPY OF THIS PARAGRAPH IN ANY PROCEEDING AS CONCLUSIVE EVIDENCE OF THIS WAIVER BY LENDER OR GUARANTOR, AS APPLICABLE.

Section 5.12 Cooperation. Subject to any applicable terms, provisions and conditions of the Loan Agreement, Guarantor acknowledges that Lender may engage in one or more Secondary Market Transactions in accordance with the Loan Agreement. Guarantor shall, to the extent reasonably requested and at no material cost to Guarantor, cooperate with Lender in effecting all such Secondary Market Transactions. Guarantor shall provide such information and documents Guarantor has in its possession relating to Guarantor, Borrower, the Property and any tenants of the Improvements as Lender may reasonably request in connection with such Secondary Market Transaction. It is understood and acknowledged that the information provided by Guarantor to Lender may ultimately be incorporated into the offering documents for such Secondary Market Transaction, and thus, various investors may also have access to such information. Lender and all of the aforesaid third-party advisors and professional firms shall be entitled to rely on the information supplied by, or on behalf of, Guarantor in such form as provided. Lender may publicize the Loan in connection with any Secondary Market Transaction or its business development.

Section 5.13 Local Law Provisions. In the event of any inconsistencies between the terms and conditions of this Section 5.13 and the other terms and conditions of this Guaranty, the terms and conditions of this Section 5.13 shall control and be binding.

(a) Waivers and Certain Limitations of Suretyship Rights**.** By signing this Guaranty, Guarantor WAIVES each and every right or defense to which it may be entitled by virtue of any suretyship law, including any rights it may have pursuant to Rule 31 of the Texas Rules of Civil Procedure, §17.001 of the Texas Civil Practice and Remedies Code, Chapter 43 of the Texas Civil Practice and Remedies Code, and Sections 51.003, 51.004 and 51.005 of the Texas Property Code, as each of the same may be amended from time to time.

(b) Other Specific Waivers. Except for any notice expressly required pursuant to the terms of the Loan Agreement or any other Loan Document, Guarantor waives (i) promptness, diligence and notice of acceptance of this Guaranty and notice of the incurring of any obligation, indebtedness or liability to which this Guaranty applies or may apply and waives presentment for payment, notice of nonpayment, protest, demand, notice of protest, notice of intent to accelerate, notice of acceleration, notice of dishonor, diligence in enforcement and indulgences of every kind, (ii) marshalling of assets, and (iii) the taking of any other action by

Lender, including, without limitation, giving any notice of default or any other notice to, or making any demand on, Borrower, any other guarantor of all or any part of the Guaranteed Obligations or any other party.

(c) Entire Agreement Supplement. **IN ACCORDANCE WITH SECTION 26.02 OF THE TEXAS BUSINESS AND COMMERCE CODE, THE PARTIES ACKNOWLEDGE THAT THE WRITTEN LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.**

[Signature on the following page]

IN WITNESS WHEREOF, the undersigned has executed this Guaranty all as of the day and year first above written.

GUARANTOR:

STRATUS PROPERTIES INC.,
a Delaware corporation

By: /s/ Erin D. Pickens
Erin D. Pickens, Senior Vice President

LIST OF EXHIBITS
TO
Guaranty of Recourse Obligations

The following list of exhibits is provided pursuant to Item 601(a)(5) of Regulation S-K. These exhibits have been omitted pursuant to Item 601(a)(5) of Regulation S-K because the information contained therein is not material and is not otherwise publicly disclosed. The registrant undertakes to furnish supplementally a copy of the exhibits to the Securities and Exchange Commission upon request.

Exhibits A and A-1 – Legal Description

PROMISSORY NOTE

$26,310,482.00 **April 28, 2017**

FOR VALUE RECEIVED, the undersigned (herein called "Maker") hereby promises to pay to the order of Southside Bank ("Lender"), in immediately available funds in lawful money of the United States of America, at the offices of Southside Bank in the City of Tyler, Smith County, Texas, the principal sum of TWENTY SIX MILLION THREE HUNDRED TEN THOUSAND FOUR HUNDRED EIGHTY TWO US DOLLARS ($26,310,482.00), or the aggregate principal advanced under this Note, if that amount is less, together with interest on the unpaid principal balance of this Note from day to day advanced and outstanding, as hereinafter provided.

Definitions.

The term "Advance(s)" as used in this Note means an advance of principal under this Note. All communications, instructions or directions to be delivered to Lender are to be directed to Lender's office at 1201 South Beckham, Tyler, Texas, to the attention of Pam Cunningham or any other person subsequently designated in writing by Lender. Each of the following persons is authorized to request Advances and authorize payments hereunder: William H. "Beau"
Armstrong, III or Erin D. Pickens. Each request for an Advance shall be in form and substance satisfactory to Lender, and shall be accompanied by all documents and materials required under the Loan Agreement. **Provided, however, Lender shall have no obligation to make any advances hereunder after December 31, 2018**.

The term "Applicable Law" as used in this Note means the laws of the State of Texas (without regard to any conflict of laws principles) and applicable United States federal laws; provided, however, with respect to determination of the Maximum Rate and the Maximum Amount, this Note shall be governed by the laws of the State of Texas or the applicable federal laws of the United States, whichever laws allow the greater interest, as such laws now exist (or as such laws may be changed or amended or come into effect in the future, but only to the extent that any change, modification or new law permits a higher Maximum Rate or higher Maximum Amount).

The term "Business Day" as used in this Note means a day other than a Saturday, Sunday or other day on which banks in Tyler, Texas are authorized or required to be closed.

The term "Floating Rate Index" as used in this Note means a floating interest rate equal to the One Month London Interbank Offered Rate (Libor) as published in the "Borrowing Benchmarks - Money Rates" section of the *Wall Street Journal* from time to time (or a comparable rate selected by Lender if *The Wall Street Journal* ceases to publish such rate). The initial Floating Index Rate on the date of this Note is 0.995% per annum, provided, the Floating Index Rate shall be adjusted on the first day of each month (commencing on June 1, 2017) to the then current One Month London Interbank Offered Rate (Libor) as published in *The Wall Street Journal* on the last business day preceding such date.

The term "Loan Agreement" as used in this Note means a Construction Loan Agreement dated of even date herewith, by and between Maker and Lender, as same may be modified, amended or restated from time to time. This Note is subject to the terms of the Loan Agreement and evidences the "Loan" as therein defined.

The term "Maximum Rate" as used in this Note means the maximum non-usurious rate of interest per annum permitted by Applicable Law. The Maximum Rate shall be applied by taking into account all amounts characterized by Applicable Law as interest on the debt evidenced by this Note, so that the aggregate of all interest does not exceed the Maximum Amount.

The term "Past Due Rate" as used in this Note means a rate per annum equal to the Stated Rate plus four percent (4%) per annum computed on the Annual Basis.

The term "Stated Rate" as used in this Note means a floating annual interest rate equal to the greater of (i) the Floating Rate Index, plus 2.75%, or (ii) 3.00%.

Non-Revolving Advance Feature; Limitations on Advances. This Note shall be funded in multiple Advances, subject to the conditions and limitations on borrowings set forth in this Note or any other Loan Documents. Principal advanced and paid shall not be re-advanced. Notwithstanding anything herein to the contrary, Lender shall not be required to make any Advance if there is an Event of Default (as defined in the Loan Agreement) or if there exists any circumstance which, with the passing of time and/or the giving of notice, would constitute an Event of Default. Lender and Maker stipulate and agree that Chapter 346 of the Texas Finance Code shall not apply to this Note or any Advances, and that neither this Note nor any Advances shall be governed by or subject to the provisions of the said Chapter 346 in any manner whatsoever.

Interest Rate. The unpaid principal balance of this Note from day to day outstanding which is not past due shall bear interest at a rate per annum equal to the lesser of (a) the Maximum Rate or (b) the Stated Rate. Any principal of, and to the extent permitted by Applicable Law, any interest on, this Note which is not paid when due shall bear interest, from the date due and payable until paid, payable on demand, at a rate per annum equal to the lesser of (a) the Maximum Rate or (b) the Past Due Rate. Subject always to limitation by the Maximum Rate, interest on this Note at the Stated Rate and the Past Due Rate shall be calculated on the basis (the "Annual Basis") of the Actual/360 method, pursuant to which interest shall be computed on the basis of a year of 360 days and paid for the actual number of days elapsed.

Terms of Payment. Interest shall be due and payable monthly as it accrues on the first day of each month beginning June 1, 2017 and continuing regularly thereafter until and including November 1, 2020. The principal balance of this Note outstanding and unpaid on November 1, 2020 shall be due and payable in equal monthly installments of principal and interest based on a 30 year amortization, payable on the first day of each month, beginning on December 1, 2020 and continuing regularly thereafter; provided, however, Lender may, at Lender's option, upon each change in the Stated Rate, change the amount of the monthly installments of principal and interest in order to maintain at all times a 30 year amortization notwithstanding any changes in the Stated Rate. Lender shall give Maker at least ten days notice of any such changes. **Provided, further, all principal and all accrued interest remaining unpaid on April 28, 2023 (the final maturity date), shall then be due and payable in full**. Whenever any payment shall be due under this Note on a day that is not a Business Day, the date on which such payment is due shall be extended to the next succeeding Business Day, and such extension of time shall be included in the computation of the amount of interest then payable. All payments made on this Note shall be applied, to the extent thereof, first to accrued but unpaid interest and the balance to unpaid principal. Any monthly installment that is not paid within ten days after the due date shall be

subject to a one-time late fee in an amount equal to 5% of the past due amount, which fee shall be due and payable only upon demand by Lender.

Prepayments. Principal may be prepaid in whole or in part without any penalty, premium or fee, provided that Lender shall not be required to accept any prepayment unless Maker gives Lender at least thirty (30) days prior written notice of Maker's intention to make such prepayment, which notice shall state the amount of the prepayment and the date on which Maker intends to make the prepayment. Prepayments of principal shall be applied to the last installments of principal payable hereunder.

Security/Loan Documents. The security for this Note includes, without limitation, a Deed of Trust and Security Agreement of even date herewith from Maker, as Grantor, for the benefit of Lender. This Note, the said Deed of Trust, the Loan Agreement and any other documents now or hereafter securing, guaranteeing or executed in connection with the loan evidenced by this Note, are, as the same have been or may be amended, restated, modified or supplemented from time to time, herein sometimes called individually a "Loan Document" and collectively referred to as the "Loan Documents." To the extent that this Note conflicts with or is in any way incompatible with any other Loan Document, Lender shall determine, at Lender's discretion, which document governs and controls.

Event of Default. Upon the occurrence, and during the continuance, of an Event of Default, the holder hereof shall have the rights to deny further Advances, declare the unpaid principal balance and accrued but unpaid interest on this Note at once due and payable (and upon such declaration, the same shall be at once due and payable), to foreclose any liens and security interests securing payment hereof and/or to exercise any of its other rights, powers and remedies under this Note, under any other Loan Document, or at law or in equity.

Remedies. All rights and remedies provided for in this Note and in any other Loan Document are cumulative of each other and of any and all other rights and remedies existing at law or in equity. The resort to any right or remedy provided for hereunder or under any such other Loan Document or provided for by law or in equity shall not prevent the concurrent or subsequent employment of any other appropriate rights or remedies. No single or partial exercise by the holder hereof of any right, power or remedy shall exhaust the same or shall preclude any other or further exercise thereof, and every such right, power or remedy may be exercised at any time and from time to time. Neither the failure by the holder hereof to exercise, nor delay by the holder hereof in exercising, the right to accelerate the maturity of this Note or any other right, power or remedy upon any Event of Default shall be construed as a waiver of such Event of Default or as a waiver of the right to exercise any such right, power or remedy at any time. Without limiting the generality of the foregoing provisions, the acceptance by the holder hereof from time to time of any payment under this Note which is past due or which is less than the payment in full of all amounts due and payable at the time of such payment, shall not (i) constitute a waiver of or impair or extinguish the rights of the holder hereof to accelerate the maturity of this Note or to exercise any other right, power or remedy at the time or at any subsequent time, or nullify any prior exercise of any such right, power or remedy, or (ii) constitute a waiver of the requirement of punctual payment and performance, or a novation in any respect.

Attorney's Fees. If any holder of this Note retains an attorney in connection with any Event of Default or at maturity or to collect, enforce or defend this Note or any other Loan Document in any lawsuit or in any probate, reorganization, bankruptcy or other proceeding, or if

Maker sues any holder in connection with this Note or any other Loan Document and does not prevail, then Maker agrees to pay to each such holder, in addition to principal and interest, all reasonable costs and expenses incurred by such holder in trying to collect this Note or in any such suit or proceeding, including reasonable attorneys' fees.

Usury Savings. It is the intent of Lender and Maker and all other parties to the Loan Documents to conform to and contract in strict compliance with applicable usury law from time to time in effect. All agreements between Lender or any other holder hereof and Maker (or any other party liable with respect to any indebtedness under the Loan Documents) are hereby limited by the provisions of this paragraph which shall override and control all such agreements, whether now existing or hereafter arising. In no way, nor in any event or contingency (including but not limited to prepayment, Event of Default, demand for payment, or acceleration of maturity), shall the interest taken, reserved, contracted for, charged or received under this Note or otherwise, exceed the maximum non-usurious amount permitted by Applicable Law (the "Maximum Amount"). If, from any possible construction of any document, interest would otherwise be payable in excess of the Maximum Amount, any such construction shall be subject to the provisions of this paragraph and such document shall be automatically reformed and the interest payable shall be automatically reduced to the Maximum Amount, without the necessity of execution of any amendment or new document. If the holder hereof shall ever receive anything of value which is characterized as interest under Applicable Law and which would apart from this provision be in excess of the Maximum Amount, an amount equal to the amount which would have been excessive interest shall, without penalty, be applied to the reduction of the principal amount owing on the indebtedness evidenced hereby in the inverse order of its maturity and not to the payment of interest, or refunded to Maker or the other payor thereof if and to the extent such amount which would have been excessive exceeds such unpaid principal. The right to accelerate maturity of this Note or any other indebtedness does not include the right to accelerate any interest which has not otherwise accrued on the date of such acceleration, and the holder hereof does not intend to charge or receive any unearned interest in the event of acceleration. All interest paid or agreed to be paid to the holder hereof shall, to the extent permitted by Applicable Law, be amortized, prorated, allocated and spread throughout the full stated term (including any renewal or extension) of such indebtedness so that the amount of interest on account of such indebtedness does not exceed the Maximum Amount.

Waivers. If there is more than one Maker of this Note, all Makers shall be jointly and severally liable for payment of the indebtedness evidenced hereby and all other obligations under the Loan Documents. Except as otherwise expressly provided in the Loan Documents, Maker and all sureties, endorsers, guarantors and any other party now or hereafter liable for the payment of this Note in whole or in part, hereby severally (i) waive demand, presentment for payment, notice of dishonor and of nonpayment, protest, notice of protest, notice of intent to accelerate, notice of acceleration and all other notice (except any notices which are specifically required by this Note or any other Loan Document), filing of suit and diligence in collecting this Note or enforcing any of the security herefor; (ii) agree to any substitution, subordination, exchange or release of any such security or the release of any party primarily or secondarily liable hereon; (iii) agree that the holder hereof shall not be required first to institute suit or exhaust its remedies hereon against Maker or other party liable or to become liable hereon or to enforce its rights against them or any security herefor; (iv) consent to any extension or postponement of time of payment of this Note for any period or periods of time and to any partial payments, before or after maturity, and to any other indulgences with respect hereto, without notice thereof to any of them; (v) submit (and waive all rights to object) to personal jurisdiction in the State of Texas, and venue in Smith County, for the enforcement of any and all obligations under the Loan

Documents; and (vi) **waive all rights and defenses under Sections 51.003, 51.004 and 51.005 of the Texas Property Code**, as amended.

Business Purpose Loan, Etc. This Note may not be amended except in a writing specifically intended for such purpose and executed by the party against whom enforcement of the amendment is sought. The loan evidenced by this Note is solely for business, commercial, investment or other similar purpose and is not for personal, family, household or agricultural purposes. The holder of this Note may sell, or offer to sell, the loan evidenced by this Note to a bank or other financial institution chartered under the laws of the United States or any State, and the holder of this Note is hereby authorized to disseminate to any such purchaser or prospective purchaser any information that holder has pertaining to the loan evidenced by this Note, including, without limitation, credit information on the Maker and any guarantors of this Note.

Jurisdiction and Venue; Waiver of Jury. THIS NOTE IS PAYABLE IN SMITH COUNTY, TEXAS, AND EXCLUSIVE VENUE FOR ANY LITIGATION WITH RESPECT TO THIS NOTE SHALL BE IN THE FEDERAL OR STATE COURTS SITTING IN TYLER, SMITH COUNTY, TEXAS AND HAVING JURISDICTION. MAKER AND LENDER HEREBY WAIVE THEIR RIGHT TO A JURY TRIAL WITH RESPECT TO ANY CLAIMS OR DISPUTES RELATING TO THIS NOTE OR ANY OF THE OTHER LOAN DOCUMENTS.

Notice of Final Agreement. THE LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

IN WITNESS WHEREOF, Maker has duly executed this Note as of the date first above written.

LANTANA PLACE, L.L.C., a Texas limited liability company

By: /s/ Erin D. Pickens
Erin D. Pickens, Senior Vice President

LOAN MODIFICATION AGREEMENT

THIS LOAN MODIFICATION AGREEMENT (this "Modification") is entered into effective January 13, 2022 (the "Effective Date"), by and between **SOUTHSIDE BANK**, a Texas state bank ("Lender") and **LANTANA PLACE, L.L.C.**, a Texas limited liability company ("Borrower").

WHEREAS, Borrower and Lender entered into a Construction Loan Agreement dated effective April 28, 2017 (as heretofore amended, the "Loan Agreement") respecting a construction loan in the maximum principal amount of $26,310,482.00 for Borrower's Project known as "Lantana Place" in Travis County, Texas as therein described; and

WHEREAS, the Loan is evidenced by a Promissory Note dated April 28, 2017 (as heretofore amended, the "Note") in the maximum principal amount of $26,310,482.00; and

WHEREAS, Borrower and Lender now desire to amend the Loan Agreement and the Note as hereinafter set forth.

NOW, THEREFORE, Borrower and Lender hereby represent, stipulate, covenant and agree as follows:

1. Extension of Deadline for Remaining Loan Advances. The December 31, 2018 deadline for advances under the Note, which was previously extended to December 31, 2021, is hereby further extended to permit advances under the Note until December 31, 2022. Subject to the terms, conditions and limitations set forth in the Note, the Loan Agreement and the other Security Documents, the sum of $1,589,222.00 remains available for advance under the Note to pay for remaining budgeted Project costs including:

    - Up to $1,257,236.00 for tenant improvements to the Project;
    - Up to $250,301.00 for leasing commissions for the Project; and
    - Up to $81,685.00 for other budgeted Project costs.

    Lender shall have no obligation to make any other advances under the Note, and in no event shall Lender be obligated to make any advances after December 31, 2022.

2. Payment of Fees and Expenses. Upon demand by Lender, Borrower shall promptly pay, or reimburse Lender for, all reasonable legal fees and any other expenses incurred by Lender in connection with this Modification.

3. Representations. Borrower represents and warrants to Lender that each of the representations and warranties set forth in the Loan Agreement are true and correct as of the date of this Modification, as if made on the date of this Modification, except for any representations that are specifically limited to a specified date or time period prior to the date of this Modification.

4. No Event of Default. Borrower represents and warrants to Lender that no Event of Default exists under the terms of the Loan Agreement, as amended hereby, and to the best of Borrower's knowledge, there exist no facts or circumstances that, with the giving of notice and the expiration of any applicable cure period, would reasonably be expected to become an Event of Default.

5. Ratification. Borrower hereby (i) ratifies, adopts and reaffirms each of the terms and provisions of the Loan Agreement, the Note, and the other documents evidencing or securing payment of the Loan, as heretofore modified and amended, subject only to the modifications contained herein; (ii) agrees that no provisions of the documents evidencing or securing payment of the Loan have been waived except as expressly provided herein; and (iii) waives and releases any defenses to enforcement of the documents evidencing or securing payment of the Loan. In the event of any conflict between the terms of this Modification and terms of the other documents evidencing or securing payment of the Loan, this Modification shall govern and control.

6. Defined Terms. Unless otherwise expressly provided herein, terms defined in the Loan Agreement shall have the same meaning when used in this Modification.

7. Counterparts and Signatures. This Modification may be signed in multiple counterparts, all of which take together shall constitute a single document. Facsimile signatures are permissible and shall be as binding as original ink signatures.

8. Final Agreement. THIS WRITTEN AGREEMENT REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

IN WITNESS WHEREOF, the parties have caused this Loan Modification Agreement to be duly executed as of the month, day and year first stated above.

LENDER:
SOUTHSIDE BANK

By: /s/ Pam Cunningham
Pam Cunningham, Executive VP

BORROWER:
LANTANA PLACE, L.L.C.,
a Texas limited liability company

By: /s/ Erin D. Pickens
Erin D. Pickens, Senior Vice President

APPROVAL OF GUARANTOR

The undersigned Guarantor hereby consents to the foregoing Loan Modification Agreement and ratifies and affirms its written guarantee of payment of the Note as modified and amended.

GUARANTOR:

STRATUS PROPERTIES INC., a Delaware corporation

By: /s/ Erin D. Pickens
Erin D. Pickens, Senior Vice President

GUARANTY AGREEMENT

Name and Address of Lender:
SOUTHSIDE BANK ("Lender")
P. O. Box 1079
Tyler, Texas 75710

Name and Address of Debtor:
LANTANA PLACE, L.L.C., a Texas limited liability company ("Debtor")
212 Lavaca Street, Suite 300
Austin, Texas 78701

1. Guaranty. The undersigned ("Guarantors", whether one or more) jointly and severally agree to pay to the Lender at its address set out above, when due or declared due, the Guaranteed Indebtedness. The term "Guaranteed Indebtedness" means all debt or other liability of every kind for which Debtor now is, or hereafter shall be, obligated to Lender, arising under that certain Promissory Note of even date herewith in the principal face amount of $$**26,310,482.00** (the "Loan") or any of the other loan documents evidencing or securing the Loan, and all renewals, extensions, modifications, restatements and replacements thereof (collectively, the "Loan Documents"), plus all interest as provided for in the Loan Documents, plus all fees, expenses, attorney's fees and other collection costs payable by Debtor under the Loan Documents. This guaranty is unlimited as to amount. This is an unconditional continuing guaranty of payment made pursuant to the terms of that certain Construction Loan Agreement dated April 28, 2017, by and between Lender and Debtor (the "Loan Agreement"). Unless otherwise specifically provided, terms that are defined in the Loan Agreement, as amended from time to time, shall have the same meaning when used in this agreement.

2. Waivers of Guarantors. Guarantors waive (i) diligence in preserving liability of any person on Guaranteed Indebtedness, and in collecting or bringing suit to collect Guaranteed Indebtedness; (ii) all rights of Guarantors under Chapter 43 of the Texas Civil Practice and Remedies Code; (iii) protest; (iv) notice of extensions, renewals, or rearrangements of Guaranteed Indebtedness; and (v) notice of acceptance of this agreement, of creation of Guaranteed Indebtedness, of failure to pay Guaranteed Indebtedness as it matures, of any other default, of adverse change in Debtor's financial condition, of release or substitution of collateral, and of subordination of Lender's rights in any collateral, and every other notice of every kind. Guarantors' obligations hereunder shall not be altered, nor shall Lender be liable to Guarantors because of, any action or inaction of Lender in regard to a matter waived or notice of which is waived by Guarantors in the preceding sentence. **Guarantors waive all rights and defenses under Sections 51.003, 51.004 and 51.005 of the Texas Property Code**, **and all other defenses to enforcement of this Guaranty, except for the defense of payment in full of all Guaranteed Indebtedness**.

3. Collection Costs. Guarantors agree to pay reasonable attorney's fees and other collection costs if this agreement is placed in the hands of an attorney for collection. Reasonable attorney's fees shall be 10% of the amount due unless either party shall plead and prove otherwise.

4. Change of Status. Should the status of Debtor change as a result of merger, consolidation, conversion or otherwise, this agreement shall continue and shall cover Guaranteed Indebtedness under the new status.

5. Guaranty Continuing. This is a continuing guaranty, subject to termination as provided in Section 12.

6. Remedies. Lender need not resort to Debtor or any other person or proceed against collateral before pursuing Lender's rights against a Guarantor. Lender's action or inaction with respect to any right of Lender under the law or any agreement shall not alter the obligation of Guarantors hereunder. Lender may pursue any remedy against Debtor, any Guarantor or any collateral, or under any other guaranty agreement without altering the obligations of Guarantors hereunder, and without liability to Guarantors even though Lender's action or inaction may result in Guarantor's loss of rights of subrogation or to proceed against others for reimbursement or contribution, or any other right. No payment by a Guarantor shall entitle him, by subrogation or otherwise, to any rights against Debtor prior to the payment in full of all Guaranteed Indebtedness.

7. Unenforceability or Uncollectibility of Debt. Each of Guarantors shall remain liable for the Guaranteed Indebtedness even though the Guaranteed Indebtedness may be unenforceable against or uncollectible from the Debtor or any other person because of incapacity, lack of power or authority, discharge, or for any other reason.

8. Notice of Institution of Suit. Lender need not notify Guarantors that Lender has sued Debtor; but if Lender gives written notice to Guarantors that it has sued Debtor, Guarantors shall be bound by any judgment or decree therein.

9. Transferees of Debt. This agreement shall inure to the benefit of Lender's successors and transferees; however, all Guaranteed Indebtedness due Lender shall be paid in full before the transferee of any Guaranteed Indebtedness shall receive any payment under this Guaranty.

10. Suit Against Guarantors. Lender may sue any of Guarantors without impairing Lender's rights against the other Guarantors, with or without making Debtor a party. Lender may settle with Debtor or any of Guarantors for such sums as it may elect, or may release Debtor or any of Guarantors without impairing Lender's right to collect Guaranteed Indebtedness from any other Guarantors.

11. Miscellaneous. This agreement shall bind Guarantors and their respective heirs, administrators, executors, personal representatives, successors and assigns. Each gender shall include all genders, and the singular shall include the plural and the plural the singular, as the context shall require. Guarantors shall furnish Lender from time to time financial statements and such other information as Lender may reasonably request. **This agreement is made under and shall be governed by, and construed in accordance with, the law of Texas.** The unenforceability or invalidity, as determined by a court of competent jurisdiction, of any provision of this agreement as to any of Guarantors shall not render unenforceable or invalid any other provision as to any other Guarantors. **GUARANTORS HEREBY WAIVE THEIR RIGHT TO A JURY TRIAL WITH RESPECT TO ANY CLAIMS OR DISPUTES RELATING TO THIS AGREEMENT.**

12. Termination. Provided, however, notwithstanding anything herein to the contrary, this agreement shall terminate and Guarantors shall have no further liability hereunder if (a) there exists no Event of Default and no event, condition or occurrence, that, with the giving of notice or passing of time, or both, would constitute an Event of Default, and (b) Debtor shall have achieved (and demonstrated to Lender, to Lender's reasonable satisfaction): (i) Completion of the Improvements, and (ii) a Debt Service Coverage Ratio of at least 1.50 to 1.00 calculated as of the end of any calendar quarter that ends after Completion of the Improvements; provided that for purposes of this Section 12, the DSC Period shall be the trailing six (6) consecutive calendar month period ending on the last day of such calendar quarter, and the Debt Service Requirements shall be calculated based on payments of principal and interest based on a

thirty (30) year amortization of the sum of the outstanding principal amount of the Promissory Note referenced above plus all further amounts eligible to be drawn by Borrower under such Promissory Note (even if interest only is payable during such DSC Period). In addition, unless sooner terminated in accordance with the terms set forth above, upon full and final payment of the Loan and all other indebtedness evidenced by the Loan Documents, and satisfaction of all of Debtor's other obligations under the Loan Documents, and provided that Lender has no unfilled obligation to extend any credit to Debtor under the Loan Documents, then this guaranty will terminate and be of no further force or effect.

SIGNED AND DELIVERED as of the 28th day of April, 2017.

Guarantors:

STRATUS PROPERTIES INC., a Delaware corporation

By: /s/ Erin D. Pickens
Erin D. Pickens, Senior Vice President

GUARANTY

This GUARANTY ("**Guaranty**") is executed as of December 6, 2018, by **STRATUS PROPERTIES INC.**, a Delaware corporation ("**Guarantor**"), for the benefit of **COMERICA BANK** ("**Lender**").

RECITALS:

A. Contemporaneously herewith, Lender has made a Loan in the aggregate principal amount of $32,870,000.00 (the "**Loan**") to Borrower pursuant to the terms of that certain Construction Loan Agreement executed by and between Borrower and Lender dated of even date with this Guaranty (the "**Loan Agreement**"), in order to provide funds to Borrower for the acquisition of the Land (as defined in the Loan Agreement).

B. The Loan is evidenced in part by that certain Installment Note dated of even date herewith payable to the order of the Lender in the original principal amount of $32,870,000.00 (together with all renewals, modifications, increases and extensions thereof, the "**Note**"), and is secured by the liens and security interests of that certain Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing dated of even date herewith, executed by Borrower in favor of Brian P. Foley, Trustee, for the benefit of Lender, as modified, amended, or supplemented from time to time (said deed of trust, the "**Deed of Trust**"). The term "**Loan Documents**" for purposes hereof shall mean the Loan Agreement, the Deed of Trust, the Note, and all other documents evidencing and/or securing the Loan, including without limitation, all other documents described in the Loan Agreement as Loan Documents.

C. Lender is not willing to make the Loan, or otherwise extend credit, to Borrower unless Guarantor unconditionally guarantees payment to Lender of the Guaranteed Obligations (as herein defined); and

D. Guarantor is the owner of a direct or indirect interest in Borrower, and Guarantor will directly benefit from Lender's making the Loan to Borrower.

E. Any capitalized terms not otherwise defined herein shall have the meaning ascribed to said term in the Loan Agreement.

NOW, THEREFORE, as an inducement to Lender to enter into the Loan Agreement and to make the Loan to Borrower as described therein, and to extend such additional credit as Lender may from time to time agree to extend, and for other good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, the parties do hereby agree as follows:

ARTICLE I
NATURE AND SCOPE OF GUARANTY

1.1 Guaranty of Obligation. Guarantor hereby irrevocably and unconditionally guarantees to Lender and its successors and assigns the payment and performance of the "**Guaranteed Obligations**" (as herein defined) as and when the same shall be due and payable, whether by lapse of time, by acceleration of maturity or otherwise. Guarantor hereby irrevocably

and unconditionally covenants and agrees that it is liable for the Guaranteed Obligations as a primary obligor. As used herein, the term "**Guaranteed Obligations**" means the following Payment Obligations (as hereinafter defined), Performance Obligations (as hereinafter defined) and Carveout Obligations (as hereinafter defined).

(a) "**Payment Obligations**" means, collectively, the following:

(1) all principal, interest, attorneys' fees, commitment fees, liabilities for costs and expenses and other indebtedness, obligations and liabilities of Borrower to Lender at any time created or arising in connection with the Loan, or any amendment thereto or substitution therefor, including but not limited to all indebtedness, obligations and liabilities of Borrower to Lender arising under the Note or under the Loan Documents;

(2) all liabilities of Borrower for future advances, extensions of credit, sales on account or other value at any time given or made by Lender to Borrower arising under the Loan Documents whether or not the advances, credit or value are given pursuant to commitment;

(3) any and all other indebtedness, liabilities, obligations and duties of every kind and character of Borrower to Lender arising under the Loan Documents, whether now or hereafter existing or arising, regardless of whether such present or future indebtedness, liabilities, obligations or duties be direct or indirect, related or unrelated, liquidated or unliquidated, primary or secondary, joint, several, or joint and several, or fixed or contingent;

(4) any and all post-petition interest and expenses (including attorney's fees) whether or not allowed under any bankruptcy, insolvency, or other similar law;

(5) payment of and performance of any and all present or future obligations of Borrower according to the terms of any present or future interest or hedge agreement, currency rate swap, rate cap, rate floor, rate collar, exchange transaction, forward rate agreement, or other exchange or rate protection agreements or any option with respect to any such transaction now existing or hereafter entered into between Borrower and Beneficiary (or any one or more affiliates of Beneficiary) (any of the foregoing herein called a "**Hedging Agreement**"); and

(6) all costs, expenses and fees, including but not limited to court costs and attorneys' fees, arising in connection with the collection of any or all amounts, indebtedness, obligations and liabilities of Borrower to Lender described in items (1) through (5) of this Section.

Notwithstanding the foregoing, but subject to ***Section 1(c)*** below, Guarantor's liability for payment of the outstanding principal of the Note (the "**Principal Amount**") will be limited to twenty-five percent (25%) of the Principal Amount outstanding from

time to time, but Guarantor shall remain liable for 100% of all accrued, unpaid interest under the Loan and the other Payment Obligations set forth above.

Further, and notwithstanding the foregoing, but subject to ***Section 1(c)*** below, at such time as (i) Completion has occurred, (ii) Lender receives evidence reasonably satisfactory to Lender that the Project has achieved a Debt Service Coverage Ratio of at least 1.20:1.0, (iii) Lender has received a new Appraisal or an updated Appraisal of the Mortgaged Property, at Borrower's expense, which Appraisal confirms that the fair market value of the Mortgaged Property on an "as is" basis is such that the Loan-to-Value Ratio does not exceed sixty-five percent (65%) and (iv) provided that (x) no event, claim, liability or circumstance shall have occurred which, in the Lender's determination, could be expected to have or have had a Material Adverse Effect and (y) no Event of Default is then existing, then (A) Guarantor's liability for payment of the Principal Amount shall be reduced to $0; (B) Guarantor shall no longer have liability for payment of the Payment Obligations or Performance Obligations; and (C) Guarantor shall only be liable for the Carveout Obligations set forth below (subject to Section 1(c) and the exceptions set forth in the paragraph immediately preceding ***Section 1.2***).

As used herein, the term "**Completion**" means that (i) the Improvements have been completed in a good and workmanlike manner in substantial accordance with the Plans and Specifications (as such Plans and Specifications may be amended in accordance with the terms and conditions of the Loan Agreement), applicable Governmental Requirements and the terms of the Loan Agreement, (ii) all bills and invoices incurred in connection with the construction of the Improvements have been paid in full, and final lien releases and waivers for all costs incurred in connection with the construction of the Improvements have been provided, (iii) final and unconditional certificates of occupancy (or its equivalent as acceptable to Lender) have been issued for all of the Improvements; provided, however, if the Mortgaged Property is located in a jurisdiction that does not issue certificates of occupancy, final written fire marshal approval and final inspection of the Mortgaged Property by the applicable Governmental Authority of the Improvements shall be deemed acceptable, (iv) a certificate of substantial completion from Borrower and the Design Professional has been issued with respect to the construction of the Improvements, (v) the Affidavit of Completion has been recorded, and (vi) Lender has received a final down date endorsement to the Title Insurance, removing the pending disbursements clause and the mechanic's lien exception, without any exceptions for mechanic's or materialmen's liens.

Upon foreclosure by Lender under the Deed of Trust or Lender's acceptance of a deed in lieu of foreclosure, or the sale of the Mortgaged Property (as defined in the Deed of Trust) pursuant to a receivership, bankruptcy or other debtor relief action (collectively, a "**Transfer Event**") and application of the proceeds of such Transfer Event to the outstanding principal balance of the Note, Guarantor's liability for payment of the Principal Amount shall be the lesser of (i) that portion of the Principal Amount for which Guarantor was liable under this Guaranty immediately prior to the Transfer Event or (ii) the unpaid principal balance of the Note after completion of the Transfer Event and application of the proceeds to the outstanding principal balance of the Note, it being the intention of Lender that the application of proceeds of any Transfer Event shall be in such

a manner as not to extinguish or reduce Guarantor's liability until all of the Principal Amount for which Guarantor is not liable has been paid in full.

Notwithstanding anything to the contrary contained herein, the definition of "Guaranteed Obligations" and the Payment Obligations guaranteed by Guarantor under this Guaranty shall not include any Excluded Swap Obligation (as hereinafter defined). "**Excluded Swap Obligation**" shall mean any obligation of Borrower to Lender with respect to a "swap," as defined in Section 1a(47) of the Commodity Exchange Act ("**CEA**"), if and to the extent that the Guarantor's guaranteeing of such swap obligation, or the Guarantor's granting of a security interest or lien to secure such swap obligation, is or becomes illegal under the CEA, or any rule, regulation or order of the Commodity Futures Trading Commission (or the application or official interpretation of any thereof), by virtue of the Guarantor's failure for any reason to constitute an "eligible contract participant," as defined in Section 1a(18) of the CEA and the regulations thereunder, at the time such guarantee or such security interest grant becomes effective with respect to such swap obligation. If any such swap obligation arises under a master agreement governing more than one swap, the foregoing exclusion shall apply only to those swap obligations that are attributable to swaps in respect of which the undersigned's guaranteeing of, or the Guarantor's granting of a security interest or lien to secure, such swaps is or becomes illegal.

(b) "**Performance Obligations**" means the following: If for any reason whatsoever, Borrower (i) fails or neglects to construct and complete the Improvements in accordance with the Plans and Specifications and within the Budget (subject to any increases in the Budget funded by additional equity contributed by Borrower or Guarantor), within the time specified therefor in the Loan Agreement, including, but not limited to paying for all permits, certificates, tap fees, and other costs of compliance with Governmental Requirements and in compliance with all governmental or quasi-governmental agencies and the costs of all bonding, insurance, and other expenses related to such construction, (ii) fails to prosecute with diligence and continuity the construction of the Improvements in accordance with the Loan Agreement, (iii) fails to pay all bills and obtain all lien waivers and releases in connection with such construction as required by the Loan Agreement, (iv) fails to comply with the requirements under the Loan Agreement as to any Borrower's Deposit required under the Loan Agreement, (v) commits or permits to exist an Event of Default under the Loan Agreement or any one or more of the Loan Documents, or (vi) is unable to satisfy any condition precedent to obtaining an Advance of the Loan proceeds under the Loan Agreement, then Lender, in addition to Lender's other rights, remedies and recourses whether existing hereunder, under the Loan Documents, or otherwise, may proceed under this paragraph. In any such event, within five (5) days from the date Lender notifies Guarantor of Borrower's failure to satisfy any condition enumerated in the first sentence of this paragraph, Guarantor agrees, at Guarantor's sole cost and expense, to diligently pursue the completion of construction of the Improvements within the time and in the manner specified in the Loan Agreement and shall include, but not be limited to, the obligation to (x) pay for all permits, certificates, tap fees and other costs of compliance with Governmental Requirements and in compliance with all governmental or quasi-governmental agencies and the costs of all bonding, insurance, and other expenses related to such construction;

(y) pay all bills and obtain all lien waivers and releases in connection with such construction as is required by the Loan Agreement; and (z) to deposit such sums with Lender as may be required for any Borrower's Deposit required under the Loan Agreement.

(c) "**Carveout Obligations**" means any losses, damages, costs, expenses, liabilities, and any other obligations suffered or incurred by Lender (including attorneys' fees and expenses), in connection with or resulting from any of the following: (a) any rents, issues or profits of the Mortgaged Property which are collected by or on behalf of the Borrower after the occurrence and during the continuance of an Event of Default and which are not applied to the actual operating expenses of the Mortgaged Property or any payments due to Lender under the Loan Documents, (b) failure by the Borrower to pay any of the Impositions (as defined in the Deed of Trust) attributable to the period of time that the Borrower owns the Mortgaged Property, (c) any intentional or grossly negligent waste on the Mortgaged Property committed by Borrower, Guarantor or any of their respective affiliates; (d) any willful misconduct by Borrower, Guarantor or any of their respective affiliates in violation of the Loan Documents (including interference with the exercise of remedies by Lender during the continuance of an Event of Default; provided, however, that the good faith assertion of rights or defenses not otherwise waived in the Loan Documents by any such Person during the continuance of an Event of Default shall not constitute willful misconduct), (e) insurance and/or condemnation proceeds which are received by or on behalf of the Borrower and which are not delivered to the Lender or otherwise applied as required under the terms of the Loan Documents, (f) failure to keep the Mortgaged Property insured as required by the Loan Documents, (g) the commission of any criminal act, fraud or misrepresentation by, or for the benefit of, Borrower or Guarantor in connection with the Loan, (h) any fees or commissions paid by Borrower to any affiliate in violation of the terms of the Loan Documents, (i) the failure to pay charges for labor or materials or other charges that can create liens on any portion of the Mortgaged Property to the extent such liens are not bonded over or discharged in accordance with the Loan Documents so that such liens are not encumbrances to the title of the Mortgaged Property, (j) upon foreclosure of the lien of the Loan Documents, the failure of the Borrower or its successor to deliver or surrender to the purchaser of the Mortgaged Property, at or immediately following such foreclosure, any of the Mortgaged Property or any other real and personal property covered by any of the Loan Documents, (k) any amount owed pursuant to the Environmental Indemnity Agreement, (l) any breach by Borrower under or early termination of any Hedge Agreement entered into between Borrower and Lender (or any affiliate of Lender), if any, (m) all attorneys' fees, legal expenses and other costs incurred by Lender in enforcing the Loan Documents or this Guaranty, and (n) failure to pay to Lender all unearned advance rentals, security deposits or similar monetary deposits that have been paid by tenants of the Mortgaged Property to the extent that such funds have not been refunded to such tenants, it being intended hereby that the Guarantor shall be personally liable and obligated to the full extent of each and all of the amounts described in the subsections of this paragraph and that the Lender shall not be limited in any way in enforcing such personal liability and obligation of the Guarantor.

Notwithstanding any reduction or limitation on liability for the Principal Amount stated in this Guaranty, Guarantor shall be liable for payment in full of the Indebtedness, Obligations, Enforcement Costs and Recourse Amounts if there shall be an Event of Default under (i) Section 7.1(e)(i) of the Loan Agreement due to Borrower making an assignment for the benefit of creditors but not due to Borrower's admission of Borrower's inability to pay or Borrower failure to pay debts generally as the debts become due, (ii) Section 7.1(e)(iii) of the Loan Agreement if a Loan Party (or its affiliates) acquiesces in or fails to contest diligently the appointment of a receiver, (iii) Sections 7.1(e)(iv), 7.1(e)(vi)(a) or 7.1(h) of the Loan Agreement, or (iv) Section 7.1(m) of the Loan Agreement as if Guarantor, Constituent Party or other Person obligated in any manner to pay or perform the Indebtedness or Obligations, respectively or any part thereof, were "Borrower" under Sections 7.1(e)(i), 7.1(e)(iii), 7.1(e)(iv) and 7.1(e)(vi)(a) of the Loan Agreement (subject to the same limitations as are applicable to Borrower under clauses (i) – (iii) above) (provided, further, for the avoidance of doubt, Guarantor shall not have liability for the repayment of the Principal Amount under this Section with respect to (x) an involuntary bankruptcy or other similar proceeding against Borrower, Guarantor, any Constituent Party or other Person obligated in any manner to pay or perform the Indebtedness or Obligations, respectively or any part thereof, under any Debtor Relief Laws unless Borrower or Guarantor, or any affiliate of Borrower or Guarantor, acquiesces or consents to or colludes with any creditors in the filing of such involuntary petition or other proceeding against such party under applicable Debtor Relief Laws, or (y) an involuntary appointment of a receiver against Borrower, Guarantor, any Constituent Party or other Person obligated in any manner to pay or perform the Indebtedness or Obligations, respectively or any part thereof, unless Borrower or Guarantor, or any affiliate of Borrower or Guarantor, acquiesces or consents to or colludes with any creditors in the filing for the appointment of a receiver), or (z) the insolvency of Borrower, Guarantor or any other Loan Party (except to the extent one of the events in clauses (i) - (iv) of this paragraph occurs).

1.2 Nature of Guaranty. This Guaranty is an irrevocable, absolute, continuing guaranty of payment and performance and not a guaranty of collection. This Guaranty may not be revoked by Guarantor and shall continue to be effective with respect to any Guaranteed Obligations arising or created after any attempted revocation by Guarantor and after (if Guarantor is a natural person) Guarantor's death (in which event this Guaranty shall be binding upon Guarantor's estate and Guarantor's legal representatives and heirs). The fact that at any time or from time to time the Guaranteed Obligations may be increased, reduced or paid in full shall not release, discharge or reduce the obligation of Guarantor to Lender with respect to indebtedness or obligations of Borrower thereafter incurred (or other Guaranteed Obligations thereafter arising) under the Note or otherwise. This Guaranty may be enforced by Lender and any subsequent holder of the Guaranteed Obligations and shall not be discharged by the assignment or negotiation of all or part of the Guaranteed Obligations.

1.3 Lender's Additional Rights and Remedies. If Guarantor shall fail to perform Guarantor's Obligations, Lender shall have the following rights and remedies in addition to any other rights and remedies hereunder or under the Loan Documents:

(a) If such failure of Guarantor occurs after any trustee's sale or foreclosure and/or sale of the property or collateral covered by the Loan Documents, Lender shall have an immediate right to obtain from Guarantor damages in an amount which is equal to the sum necessary to complete construction of the Improvements as such sum may be established by construction contracts, appraisals, or other competent evidence and including any additional costs incurred due to any delay in construction caused by Borrower or Guarantor or any need to correct work improperly or incompletely performed, without any necessity of completing or beginning actual construction of the Improvements, less the sum equal to the undisbursed balance of the Loan less interest accruing with respect to the Loan and any expenses incurred by Lender in connection with any trustee's sale or foreclosure and/or sale of all or any of the property or collateral covered by the Loan Documents, and Lender shall have an immediate right to obtain judgment against Guarantor in such amount and Lender may also exercise all remedies available under the laws of the State of Texas for action on a matured contractual indebtedness.

(b) Regardless of whether such failure of Guarantor occurs before or after any trustee's sale or foreclosure and/or sale of the property or collateral covered by the Loan Documents, Lender, at Lender's sole option, shall have the right, but shall have no obligation, to complete construction of the Improvements in the manner specified in the Loan Agreement by or through any agent, contractor or subcontractor of its selection and to recover from Guarantor as damages the amount of any and all expenditures made by Lender in connection with such completion and including any additional costs incurred due to any delay in construction caused by Borrower or Guarantor or any need to correct work improperly or incompletely performed.

1.4 Guaranteed Obligations Not Reduced by Offset. The Guaranteed Obligations and the liabilities and obligations of Guarantor to Lender hereunder, shall not be reduced, discharged or released because or by reason of any existing or future offset, claim or defense of Borrower, or any other party, against Lender or against payment of the Guaranteed Obligations, whether such offset, claim or defense arises in connection with the Guaranteed Obligations (or the transactions creating the Guaranteed Obligations) or otherwise. Without limiting the foregoing or the Guarantor's liability hereunder, to the extent that Lender advances funds or extends credit to Borrower, and does not receive payments or benefits thereon in the amounts and at the times required or provided by applicable agreements or laws, Guarantor is absolutely liable to make such payments of the Guaranteed Obligations to (and confer such benefits on) Lender, on a timely basis.

1.5 Payment by Guarantor. If all or any part of the Guaranteed Obligations shall not be punctually paid when due, whether at maturity or earlier by acceleration or otherwise, Guarantor shall, immediately upon demand by Lender, and without presentment, protest, notice of protest, notice of non-payment, notice of intention to accelerate the maturity, notice of acceleration of the maturity, or any other notice whatsoever, pay in lawful money of the United States of America, the amount due on the Guaranteed Obligations to Lender at Lender's address as set forth herein. Such demand(s) may be made at any time coincident with or after the time for payment of all or part of the Guaranteed Obligations, and may be made from time to time

with respect to the same or different items of Guaranteed Obligations. Such demand shall be deemed made, given and received in accordance with the notice provisions hereof.

1.6 No Duty to Pursue Others. It shall not be necessary for Lender (and Guarantor hereby waives any rights which Guarantor may have to require Lender), in order to enforce such payment by Guarantor, first to (i) institute suit or exhaust its remedies against Borrower or others liable on the Guaranteed Obligations or any other person, (ii) enforce Lender's rights against any collateral which shall ever have been given to secure the Guaranteed Obligations, (iii) enforce Lender's rights against any other guarantors of the Guaranteed Obligations, (iv) join Borrower or any others liable on the Guaranteed Obligations in any action seeking to enforce this Guaranty, (v) exhaust any remedies available to Lender against any collateral which shall ever have been given to secure the Guaranteed Obligations, or (vi) resort to any other means of obtaining payment of the Guaranteed Obligations. Lender shall not be required to mitigate damages or take any other action to reduce, collect or enforce the Guaranteed Obligations.

1.7 Waivers. Guarantor agrees to the provisions of the Loan Documents, and hereby waives notice of (i) any loans or Advances made by Lender to Borrower, (ii) acceptance of this Guaranty, (iii) any amendment or extension of the Note or of any other Loan Documents, (iv) the execution and delivery by Borrower and Lender of any other loan or credit agreement or of Borrower's execution and delivery of any promissory notes or other documents arising under the Loan Documents or in connection with the Mortgaged Property, (v) the occurrence of any breach by Borrower or Event of Default, (vi) Lender's transfer or disposition of the Guaranteed Obligations, or any part thereof, (vii) sale or foreclosure (or posting or advertising for sale or foreclosure) of any collateral for the Guaranteed Obligations, (viii) protest, proof of non-payment or default by Borrower, or (ix) any other action at any time taken or omitted by Lender, and, generally, all demands and notices of every kind in connection with this Guaranty, the Loan Documents, any documents or agreements evidencing, securing or relating to any of the Guaranteed Obligations and the obligations hereby guaranteed. The parties intend that Guarantor shall not be considered a "debtor" as defined in Tex. Bus. & Com. Code Ann. § 9.105, as amended (and any successor statute thereto).

1.8 Payment of Expenses. In the event that Guarantor should breach or fail to timely perform any provisions of this Guaranty, Guarantor shall, immediately upon demand by Lender, pay Lender all costs and expenses (including court costs and attorneys' fees) incurred by Lender in the enforcement hereof or the preservation of Lender's rights hereunder. The covenant contained in this Section shall survive the payment of the Guaranteed Obligations.

1.9 Effect of Bankruptcy. In the event that, pursuant to any insolvency, bankruptcy, reorganization, receivership or other debtor relief law, or any judgment, order or decision thereunder, Lender must rescind or restore any payment, or any part thereof, received by Lender in satisfaction of the Guaranteed Obligations, as set forth herein, any prior release or discharge from the terms of this Guaranty given to Guarantor by Lender shall be without effect, and this Guaranty shall remain in full force and effect. It is the intention of Borrower and Guarantor that Guarantor's obligations hereunder shall not be discharged except by Guarantor's performance of such obligations and then only to the extent of such performance.

1.10 Waiver of Subrogation, Reimbursement and Contribution. Notwithstanding anything to the contrary contained in this Guaranty, Guarantor hereby unconditionally and irrevocably waives, releases and abrogates any and all rights it may now or hereafter have under any agreement, at law or in equity (including, without limitation, any law subrogating the Guarantor to the rights of Lender) to assert any claim against or seek contribution, indemnification or any other form of reimbursement from Borrower or any other party liable for payment of any or all of the Guaranteed Obligations for any payment made by Guarantor under or in connection with this Guaranty or otherwise until the Loan is paid in full.

1.11 Additional Waivers. Guarantor hereby waives marshaling of assets and liabilities, rights of offset, sale in inverse order of alienation, notice of acceptance of this Guaranty and of any liability to which it applies or may apply, acceleration, presentment, demand for payment, protest, notice of non payment, notice of dishonor, notice of acceleration, notice of intent to accelerate and all other notices and demands, collection suit or the taking of any other action by Lender. Guarantor expressly waives each and every right to which it may be entitled by virtue of the suretyship law of the State of Texas, including, without limitation, any rights it may have pursuant to Rule 31, Texas Rules of Civil Procedure, Chapter 34 of the Texas Business and Commerce Code and Section 17.001, Texas Civil Practice and Remedies Code. Further, Guarantor expressly waives all rights, remedies, claims and defenses based upon or related to Sections 51.003, 51.004 and 51.005 of the Texas Property Code, to the extent the same pertain or may pertain to any enforcement of this Guaranty.

1.12 Borrower. The term "Borrower" as used herein shall include any new or successor corporation, association, partnership (general or limited), joint venture, trust or other individual or organization formed as a result of any merger, reorganization, sale, transfer, devise, gift or bequest of Borrower or any interest in Borrower.

ARTICLE II
EVENTS AND CIRCUMSTANCES NOT REDUCING OR DISCHARGING GUARANTOR'S OBLIGATIONS

Guarantor hereby consents and agrees to each of the following, and agrees that Guarantor's Obligations under this Guaranty shall not be released, diminished, impaired, reduced or adversely affected by any of the following, and waives any common law, equitable, statutory or other rights (including without limitation rights to notice) which Guarantor might otherwise have as a result of or in connection with any of the following:

2.1 Modifications. Any renewal, extension, increase, modification, alteration or rearrangement of all or any part of the Guaranteed Obligations, Note, Loan Documents, or other document, instrument, contract or understanding between Borrower and Lender, or any other parties, pertaining to the Guaranteed Obligations or any failure of Lender to notify Guarantor of any such action.

2.2 Adjustment. Any adjustment, indulgence, forbearance or compromise that might be granted or given by Lender to Borrower.

2.3 Condition of Borrower or Guarantor. The insolvency, bankruptcy, arrangement, adjustment, composition, liquidation, disability, dissolution or lack of power of Borrower, Guarantor or any other party at any time liable for the payment of all or part of the Guaranteed Obligations; or any dissolution of Borrower or Guarantor, or any sale, lease or transfer of any or all of the assets of Borrower or Guarantor, or any changes in the shareholders, partners or members of Borrower or Guarantor; or any reorganization of Borrower or Guarantor.

2.4 Invalidity of Guaranteed Obligations. The invalidity, illegality or unenforceability of all or any part of the Guaranteed Obligations, or any document or agreement executed in connection with the Guaranteed Obligations, for any reason whatsoever, including without limitation the fact that (i) the Guaranteed Obligations, or any part thereof, exceeds the amount permitted by law, (ii) the act of creating the Guaranteed Obligations or any part thereof is ultra vires, (iii) the officers or representatives executing the Note or the other Loan Documents or otherwise creating the Guaranteed Obligations acted in excess of their authority, (iv) the Guaranteed Obligations violates applicable usury laws, (v) the Borrower has valid defenses, claims or offsets (whether at law, in equity or by agreement) which render the Guaranteed Obligations wholly or partially uncollectible from Borrower, (vi) the creation, performance or repayment of the Guaranteed Obligations (or the execution, delivery and performance of any document or instrument representing part of the Guaranteed Obligations or executed in connection with the Guaranteed Obligations, or given to secure the repayment of the Guaranteed Obligations) is illegal, uncollectible or unenforceable, or (vii) the Note or any of the other Loan Documents have been forged or otherwise are irregular or not genuine or authentic, it being agreed that Guarantor shall remain liable hereon regardless of whether Borrower or any other person be found not liable on the Guaranteed Obligations or any part thereof for any reason.

2.5 Release of Obligors. Any full or partial release of the liability of Borrower on the Guaranteed Obligations, or any part thereof, or of any co-guarantors, or any other person or entity now or hereafter liable, whether directly or indirectly, jointly, severally, or jointly and severally, to pay, perform, guarantee or assure the payment of the Guaranteed Obligations, or any part thereof, it being recognized, acknowledged and agreed by Guarantor that Guarantor may be required to pay the Guaranteed Obligations in full without assistance or support of any other party, and Guarantor has not been induced to enter into this Guaranty on the basis of a contemplation, belief, understanding or agreement that other parties will be liable to pay or perform the Guaranteed Obligations, or that Lender will look to other parties to pay or perform the Guaranteed Obligations.

2.6 Other Collateral. The taking or accepting of any other security, collateral or guaranty, or other assurance of payment, for all or any part of the Guaranteed Obligations.

2.7 Release of Collateral. Any release, surrender, exchange, subordination, deterioration, waste, loss or impairment (including without limitation negligent, willful, unreasonable or unjustifiable impairment) of any collateral, property or security, at any time existing in connection with, or assuring or securing payment of, all or any part of the Guaranteed Obligations.

2.8 Care and Diligence. The failure of Lender or any other party to exercise diligence or reasonable care in the preservation, protection, enforcement, sale or other handling or

treatment of all or any part of such collateral, property or security, including but not limited to any neglect, delay, omission, failure or refusal of Lender (i) to take or prosecute any action for the collection of any of the Guaranteed Obligations or (ii) to foreclose, or initiate any action to foreclose, or, once commenced, prosecute to completion any action to foreclose upon any security therefor, or (iii) to take or prosecute any action in connection with any instrument or agreement evidencing or securing all or any part of the Guaranteed Obligations.

2.9 Unenforceability. The fact that any collateral, security, security interest or lien contemplated or intended to be given, created or granted as security for the repayment of the Guaranteed Obligations, or any part thereof, shall not be properly perfected or created, or shall prove to be unenforceable or subordinate to any other security interest or lien, it being recognized and agreed by Guarantor that Guarantor is not entering into this Guaranty in reliance on, or in contemplation of the benefits of, the validity, enforceability, collectibility or value of any of the collateral for the Guaranteed Obligations.

2.10 Offset. The Note, the Guaranteed Obligations and the liabilities and obligations of Guarantor to Lender hereunder, shall not be reduced, discharged or released because of or by reason of any existing or future right of offset, claim or defense of Borrower against Lender, or any other party, or against payment of the Guaranteed Obligations, whether such right of offset, claim or defense arises in connection with the Guaranteed Obligations (or the transactions creating the Guaranteed Obligations) or otherwise.

2.11 Merger. The reorganization, merger or consolidation of Borrower into or with any other corporation or entity.

2.12 Preference. Any payment by Borrower to Lender is held to constitute a preference under bankruptcy laws, or for any reason Lender is required to refund such payment or pay such amount to Borrower or someone else.

2.13 Other Actions Taken or Omitted. Any other action taken or omitted to be taken with respect to the Loan Documents, the Guaranteed Obligations, or the security and collateral therefor, whether or not such action or omission prejudices Guarantor or increases the likelihood that Guarantor will be required to pay the Guaranteed Obligations pursuant to the terms hereof, it is the unambiguous and unequivocal intention of Guarantor that Guarantor shall be obligated to pay the Guaranteed Obligations when due, notwithstanding any occurrence, circumstance, event, action, or omission whatsoever, whether contemplated or uncontemplated, and whether or not otherwise or particularly described herein, which obligation shall be deemed satisfied only upon the full and final payment and satisfaction of the Guaranteed Obligations.

ARTICLE III
REPRESENTATIONS AND WARRANTIES

To induce Lender to enter into the Loan Documents and extend credit to Borrower, Guarantor represents and warrants to Lender as follows:

3.1 Benefit. Guarantor is an affiliate of Borrower, is the owner of a direct or indirect interest in Borrower, and has received, or will receive, direct or indirect benefit from the making of this Guaranty with respect to the Guaranteed Obligations.

3.2 Familiarity and Reliance. Guarantor is familiar with, and has independently reviewed books and records regarding, the financial condition of the Borrower and is familiar with the value of any and all collateral intended to be created as security for the payment of the Note or Guaranteed Obligations; however, Guarantor is not relying on such financial condition or the collateral as an inducement to enter into this Guaranty.

3.3 No Representation by Lender. Neither Lender nor any other party has made any representation, warranty or statement to Guarantor in order to induce the Guarantor to execute this Guaranty.

3.4 Guarantor's Financial Condition. As of the date hereof, and after giving effect to this Guaranty and the contingent obligation evidenced hereby, Guarantor is, and will be, solvent, and has and will have assets which, fairly valued, exceed its obligations, liabilities (including contingent liabilities) and debts, and has and will have property and assets sufficient to satisfy and repay its obligations and liabilities.

3.5 Legality. The execution, delivery and performance by Guarantor of this Guaranty and the consummation of the transactions contemplated hereunder do not, and will not, contravene or conflict with any law, statute or regulation whatsoever to which Guarantor is subject or constitute a default (or an event which with notice or lapse of time or both would constitute a default) under, or result in the breach of, any indenture, mortgage, deed of trust, charge, lien, or any contract, agreement or other instrument to which Guarantor is a party or which may be applicable to Guarantor. This Guaranty is a legal and binding obligation of Guarantor and is enforceable in accordance with its terms, except as limited by bankruptcy, insolvency or other laws of general application relating to the enforcement of creditors' rights.

3.6 Financial Information. All of the financial information provided by Guarantor to Lender is true and correct in all respects. Guarantor shall furnish to Lender quarterly and annual certified financial statements of Guarantor, including cash flow and contingent liability information, prepared in accordance with generally accepted accounting principles consistently applied by and certified to be true and correct by an independent certified public accountant. Each such annual financial statement shall be delivered to Lender within ninety (90) days after the end of such calendar year and each quarterly financial statement shall be delivered to Lender within forty-five (45) days after the end of each calendar quarter.

3.7 Survival. All representations and warranties made by Guarantor herein shall survive the execution hereof.

ARTICLE IV
SUBORDINATION OF CERTAIN INDEBTEDNESS

4.1 Subordination of All Guarantor Claims. As used herein, the term "**Guarantor Claims**" shall mean all debts and liabilities of Borrower to Guarantor, whether such debts and liabilities now exist or are hereafter incurred or arise, or whether the obligations of Borrower thereon be direct, contingent, primary, secondary, several, joint and several, or otherwise, and irrespective of whether such debts or liabilities be evidenced by note, contract, open account, or otherwise, and irrespective of the person or persons in whose favor such debts or liabilities may, at their inception, have been, or may hereafter be created, or the manner in which they have been

or may hereafter be acquired by Guarantor. The Guarantor Claims shall include without limitation all rights and claims of Guarantor against Borrower (arising as a result of subrogation or otherwise) as a result of Guarantor's payment of all or a portion of the Guaranteed Obligations. Upon the occurrence of an Event of Default or the occurrence of an event which would, with the giving of notice or the passage of time, or both, constitute an Event of Default, Guarantor shall not receive or collect, directly or indirectly, from Borrower or any other party any amount upon the Guarantor Claims.

4.2 Claims in Bankruptcy. In the event of receivership, bankruptcy, reorganization, arrangement, debtor's relief, or other insolvency proceedings involving Guarantor as debtor, Lender shall have the right to prove its claim in any such proceeding so as to establish its rights hereunder and receive directly from the receiver, trustee or other court custodian dividends and payments which would otherwise be payable upon Guarantor Claims. Guarantor hereby assigns such dividends and payments to Lender. Should Lender receive, for application upon the Guaranteed Obligations, any such dividend or payment which is otherwise payable to Guarantor, and which, as between Borrower and Guarantor, shall constitute a credit upon the Guarantor Claims, then upon payment to Lender in full of the Guaranteed Obligations, Guarantor shall become subrogated to the rights of Lender to the extent that such payments to Lender on the Guarantor Claims have contributed toward the liquidation of the Guaranteed Obligations, and such subrogation shall be with respect to that proportion of the Guaranteed Obligations which would have been unpaid if Lender had not received dividends or payments upon the Guarantor Claims.

4.3 Payments Held in Trust. In the event that, notwithstanding anything to the contrary in this Guaranty, Guarantor should receive any funds, payment, claim or distribution which is prohibited by this Guaranty, Guarantor agrees to hold in trust for Lender an amount equal to the amount of all funds, payments, claims or distributions so received, and agrees that it shall have absolutely no dominion over the amount of such funds, payments, claims or distributions so received except to pay them promptly to Lender, and Guarantor covenants promptly to pay the same to Lender.

4.4 Liens Subordinate. Guarantor agrees that any liens, security interests, judgment liens, charges or other encumbrances upon Borrower's assets securing payment of the Guarantor Claims shall be and remain inferior and subordinate to any liens, security interests, judgment liens, charges or other encumbrances upon Borrower's assets securing payment of the Guaranteed Obligations, regardless of whether such encumbrances in favor of Guarantor or Lender presently exist or are hereafter created or attach. Without the prior written consent of Lender, Guarantor shall not (i) exercise or enforce any creditor's right it may have against Borrower, or (ii) foreclose, repossess, sequester or otherwise take steps or institute any action or proceedings (judicial or otherwise, including without limitation the commencement of, or joinder in, any liquidation, bankruptcy, rearrangement, debtor's relief or insolvency proceeding) to enforce any liens, mortgages, deeds of trust, security interest, collateral rights, judgments or other encumbrances on assets of Borrower held by Guarantor.

ARTICLE V
NEGATIVE COVENANTS

Guarantor will not, so long as any of the Guaranteed Obligations remain outstanding, do any of the following without Lender's prior written approval in Lender's sole discretion:

5.1 Capital Structure, Business Objects or Purpose. Purchase, acquire or redeem any of its equity ownership interests, or enter into any reorganization or recapitalization or reclassify its equity ownership interests, or make any material change in its capital structure or general business objects or purpose. Notwithstanding the foregoing, Guarantor may repurchase up to $1,000,000.00 of its outstanding common stock, as permitted under the Stratus Loan Agreement (hereinafter defined).

5.2 Mergers or Dispositions. Change its name, enter into any merger or consolidation, whether or not the surviving entity thereunder, or sell, lease, transfer, relocate or dispose of all, substantially all, or any material part of its assets (whether in a single transaction or in a series of transactions), except as expressly permitted under this Agreement or the Loan Documents, or under the line of credit and other credit facilities from Lender to Stratus Properties Inc., a Delaware corporation, Stratus Properties Operating Co., L.P., a Delaware limited partnership, Circle C Land, L.P., a Texas limited partnership, Austin 290 Properties, Inc., a Texas corporation, The Villas at Amarra Drive, L.L.C., a Texas limited liability company, 210 Lavaca Holdings, L.L.C., a Texas limited liability company, Magnolia East 149, L.L.C., a Texas limited liability company, and Stratus Lakeway Center, L.L.C., a Texas limited liability company, (collectively, the "**Stratus Borrowers**") in the aggregate principal amount of $60,000,000 (the "**Stratus Loan**"), which Stratus Loan is evidenced in part by that certain Loan Agreement dated June 29, 2018 by and among Lender and the Stratus Borrowers (as heretofore amended or as hereafter may be amended from to time, the "**Stratus Loan Agreement**");

5.3 Guaranties. Guarantee, endorse, or otherwise become secondarily liable for or upon the obligations or Debt of others (whether directly or indirectly), except:

(a) guaranties in favor of and satisfactory to Lender;

(b) endorsements for deposit or collection in the ordinary course of business;

(c) guaranties of carve-outs of non-recourse liabilities in connection with permanent financing of projects owned by Subsidiaries (as defined in the Stratus Loan Agreement) of Guarantor (collectively, the "**Guaranties of Non-Recourse Carve-Out Liabilities**");

(d) Guaranty Agreement (limited) dated June 27, 2014 in the original principal amount of $6,000,000.00 for the benefit of PlainsCapital Bank;

(e) Guaranty Agreement dated June 5, 2016 guarantying certain renovation obligations for the benefit of Goldman Sachs Mortgage Company;

(f) Guaranty Agreement dated August 5, 2016 in the original principal amount of $9,945,272.00 for the benefit of Southside Bank;

(g) Guaranty of Master Leases Agreement dated February 17, 2017 guarantying certain master lease obligations for the benefit of FHF I Oaks at Lakeway, LLC;

(h) Guaranty Agreement dated April 28, 2017 in the original principal amount of $26,310,482 for the benefit of Southside Bank; and

(i) Guaranty Agreement dated September 1, 2017 in the original principal amount of $36,759,000.00 for the benefit of Southside Bank; and

(j) Guaranty Agreement dated June 19, 2018 in the original principal amount of $26,000,000.00 and including certain completion oblgations for the benefit of Texas Capital Bank, National Association.

5.4 Debt. Become or remain obligated for any debt, except:

(a) Indebtedness from time to time outstanding and owing to Lender;

(b) Unsecured trade, utility or non-extraordinary accounts payable arising in the ordinary course of business and other unsecured debt of Guarantor on a consolidated basis at any one time not to exceed $500,000.00;

(c) the Guaranties of Non-Recourse Carve-Out Liabilities and any guaranties for the benefit of Lender with regard to other loans to Subsidiaries of Guarantor, contingent liabilities of Stratus Borrowers, incurred on or after the date of the Stratus Loan, on a consolidated basis at any one time not to exceed $20,000,000.00;

(d) Guaranty Agreement (limited) dated June 27, 2014 in the original principal amount of $6,000,000.00 for the benefit of PlainsCapital Bank;

(e) Guaranty Agreement dated June 5, 2016 guarantying certain renovation obligations for the benefit of Goldman Sachs Mortgage Company;

(f) Guaranty Agreement dated August 5, 2016 in the original principal amount of $9,945,272.00 for the benefit of Southside Bank;

(g) Guaranty of Master Leases Agreement dated February 17, 2017 guarantying certain master lease obligations for the benefit of FHF I Oaks at Lakeway, LLC;

(h) Guaranty Agreement dated April 28, 2017 in the original principal amount of $26,310,482 for the benefit of Southside Bank;

(i) Guaranty Agreement dated September 1, 2017 in the original principal amount of $36,759,000.00 for the benefit of Southside Bank;

(j) Guaranty Agreement dated September 1, 2017 in the original principal amount of $36,759,000.00 for the benefit of Southside Bank;

(k) Debt of a related party but only to the extent of the lesser of seventy-five percent (75%) of the appraised value of the real estate project owned by such related party or eighty percent (80%) of the total costs associated with the real estate project owned by such related party;

(l) Debt subordinated to the prior payment in full of the Guaranteed Obligations upon terms and conditions approved in writing by Lender;

(m) Debt outstanding as of the date hereof that is shown on the financial statements previously delivered to Lender; and

(n) Debt to or from an affiliate of Guarantor.

5.5 Encumbrances. Create, incur, assume or suffer to exist any Lien (as defined in the Stratus Loan Agreement) upon, or create, suffer or permit to exist any Lien upon any of its property or assets, whether now owned or hereafter acquired, except for Permitted Encumbrances (as defined in the Stratus Loan Agreement) and any other Lien expressly approved by Lender in writing.

5.6 Acquisitions. Except as expressly permitted under the Stratus Loan Agreement, purchase or otherwise acquire or become obligated for the purchase of all or substantially all of the assets or business interests of any Person or any shares of stock or other ownership interests of any Person or in any other manner effectuate or attempt to effectuate an expansion of present business by acquisition.

5.7 No Further Negative Pledges. Enter into or become subject to any agreement (other than this Guaranty or pursuant to the Stratus Loan) (a) prohibiting the guaranteeing by Guarantor or any of its Subsidiaries of any obligations, (b) prohibiting the creation or assumption of any Lien upon the properties or assets of Guarantor or any of its Subsidiaries, whether now owned or hereafter acquired or (c) requiring an obligation to become secured (or further secured) if another obligation is secured or further secured.

5.8 No Transfers to Related Parties. Except as expressly permitted by the documents evidencing and/or securing the Stratus Loan, transfer or permit any transfer of any assets of Guarantor to any corporation, partnership, limited liability company or any other legal entity in which Guarantor owns or holds, directly or indirectly, any legal or beneficial ownership interest, for non-project related purposes.

5.9 Change in Management. Permit any change in the management of Guarantor, unless such change in management is the result of a replacement for normal attrition, retirement, death or incapacity and within a reasonable period following such change, Guarantor has provided for the replacement of such manager to Lender's reasonable satisfaction; provided, further, Guarantor shall promptly notify Lender in writing of the occurrence of any change in the management of Guarantor.

5.10 Other Stratus Loan Negative Covenants. Violate any of the other negative covenants of Guarantor set forth in Section 5 of the Stratus Loan Agreement.

ARTICLE VI
COVENANTS

So long as any of the Guaranteed Obligations remain outstanding, Guarantor shall comply with the following:

6.1 Financial Covenants. Maintain compliance with the following financial covenants on a consolidated basis:

(a) Maintain a Net Asset Value at all times of not less than $125,000,000.00.

(b) Maintain a Debt-to-Gross Asset Value at all times of not more than 50%.

(c) Maintain unsecured trade, utility or non-extraordinary accounts payable arising in the ordinary course of business and other unsecured debt of Guarantor on a consolidated basis at any one time not to exceed $500,000.00.

(d) As used in this ***Section 6.1***, the following capitalized terms shall have the meanings ascribed thereto:

(1) "**Net Asset Value**" means with respect to a Person, the (i) Gross Asset Value of such Person minus (ii) the book value of such Person's tangible liabilities determined according to GAAP, except (y) proforma adjustments shall be made to reflect any assets with estimated market values representing more than 10% of the latest Net Asset Value disposed of prior to the date of the certification, and (z) tangible liabilities shall exclude any tangible liabilities representing more than 10% of the latest Net Asset Value paid or otherwise extinguished prior to the date of the certification.

(2) "**Person**" shall mean any individual, corporation, partnership, joint venture, limited liability company, association, trust, unincorporated association, joint stock company, government, municipality, political subdivision or agency, or other entity.

(3) "**Debt**" shall mean, as of any applicable date of determination thereof, all items of indebtedness, obligation or liability of a Person, whether matured or unmatured, liquidated or unliquidated, direct or indirect, absolute or contingent, joint or several, that should be classified as liabilities in accordance with GAAP. In the case of Borrowers, the term "Debt" shall include, without limitation, the Indebtedness.

(4) "**Gross Asset Value**" shall mean the estimated market value of assets of a Person and shall be calculated in accordance with standards set forth in the "Cautionary Statement and Regulation G Disclosure" section of Stratus's Investor Presentation dated April 16, 2018 (attached to the Stratus Loan Agreement as Exhibit G) except that asset values shall reflect current annual appraised (such appraisals to be conducted in accordance with Uniform Standards

of Professional Appraisal Practice) or estimated market value (as verified by Lender in Lender's reasonable discretion) as of year-end.

(5) "**Debt-to-Gross Asset Value**" shall mean, with respect to any Person, and as of any applicable date of determination thereof, (a) the total outstanding principal amount of notes payable of such Person (calculated as shown in the most recent version of Stratus's Investor Presentation (the most recent version of which was dated April 16, 2018 and was previously provided to Lender) or if such calculation is not available, a calculation acceptable to Lender), divided by (b) the Gross Asset Value of such Person.

The covenants in this ***Section 6.1*** shall be (i) computed on a consolidated basis, (ii) tested at the end of each calendar year, (iii) and certified to in the Compliance Certificate required to be delivered to Lender pursuant to ***Section 6.2(h)*** below.

6.2 Financial Statements. Deliver the following financial statements to Lender:

(a) As soon as available, and in any event within ninety (90) days after and as of the end of each fiscal year of Guarantor, audited consolidated financial statements of Guarantor, including a balance sheet, income statement, statement of profit and loss, statement of changes in shareholders equity, statement of cash flows and contingent obligations, for and as of such fiscal year then ending, with comparative numbers for the preceding fiscal year, in each case, prepared by Guarantor, and completed in such detail as Lender shall require, and certified by the chief financial officer or other appropriate authorized representative of Guarantor as to consistency with prior financial reports and accounting periods, accuracy and fairness of presentation. Such audited financial statements shall be prepared in accordance with generally accepted accounting principles ("**GAAP**") and audited by independent certified public accountants of recognized standing selected by Guarantor and approved by Lender and shall contain unqualified opinions as to the fairness of the statements therein contained.

(b) As soon as available, and in any event not later than sixty (60) days after the start of each fiscal year of Guarantor, the business plan of Guarantor for such forthcoming fiscal year.

(c) As soon as available, and in any event within forty-five (45) days after and as of the end of each calendar quarter, including the last such reporting period of each calendar year, audited consolidated financial statements of Guarantor, on a consolidated basis, for and as of such reporting period, including a balance sheet, statement of operations, statement of equity and statement of cash flows and disclosure of contingent obligations for and as of such reporting period then ending and for and as of that portion of the calendar year then ending, with comparative numbers for the same period of the preceding calendar year. Such audited financial statements shall be prepared in accordance with GAAP by independent certified public accountants of recognized standing selected by Guarantor and approved by Lender and shall contain unqualified opinions as to the fairness of the statements therein contained.

(d) As soon as available, and in any event within forty-five (45) days after and as of the end of each calendar month, a statement of Guarantor's sales as of such reporting period then ending and for and as of that portion of the calendar year then ending, with comparative numbers for the same period of the preceding calendar year, in each case, certified by the chief financial officer of Guarantor as to consistency with prior reports and accounting periods, accuracy and fairness of presentation ended and the year-to-date.

(e) As soon as available, and in any event within forty-five (45) days after and as of the end of each calendar quarter, a statement of the status of "Credit Banks" and "Credit Bank Value", and "Material Litigation" (as each such capitalized term is defined in the Stratus Loan Agreement), as of such reporting period then ending certified by the chief financial officer of Guarantor as to accuracy and completeness.

(f) Promptly upon receipt thereof, copies of all management letters and other substantive reports submitted to Guarantor by independent certified public accountants in connection with any annual audit of any such party.

(g) Within thirty (30) days after filing the same, a copy of Guarantor's annual federal income tax return.

(h) Simultaneously with the financial statements to be delivered to Lender pursuant to subsections (a) above, a Compliance Certificate dated as of the end of such year.

(i) Promptly, and in form and detail reasonably satisfactory to Lender, such other information as Lender may reasonably request from time to time.

ARTICLE VII
MISCELLANEOUS

7.1 Waiver. No failure to exercise, and no delay in exercising, on the part of Lender, any right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right. The rights of Lender hereunder shall be in addition to all other rights provided by law. No modification or waiver of any provision of this Guaranty, nor consent to departure therefrom, shall be effective unless in writing and no such consent or waiver shall extend beyond the particular case and purpose involved. No notice or demand given in any case shall constitute a waiver of the right to take other action in the same, similar or other instances without such notice or demand.

7.2 Notices. All notices or other communications required or permitted to be given pursuant hereto shall be in writing and shall be deemed properly given if (i) mailed by first class United States mail, postage prepaid, registered or certified with return receipt requested; (ii) by delivering same in person to the intended addressee; or (iii) by delivery to an independent third party commercial delivery service for same day or next day delivery and providing for evidence of receipt at the office of the intended addressee. Notice so mailed shall be effective upon its deposit with the United States Postal Service or any successor thereto; notice sent by a

commercial delivery service shall be effective upon delivery to such commercial delivery service; notice given by personal delivery shall be effective only if and when received by the addressee; and notice given by other means shall be effective only if and when received at the designated address of the intended addressee. Either party shall have the right to change its address for notice hereunder to any other location within the continental United States by the giving of thirty (30) days notice to the other party in the manner set forth herein. For purposes of such notices, the addresses of the parties shall be as follows:

Lender: Comerica Bank
300 W. Sixth Street, Suite 2250
MC 6571
Austin, Texas 78701
Attention: Commercial Real Estate, Elaine Houston

Guarantor: Stratus Properties, Inc.
212 Lavaca Boulevard
Suite 300
Austin, Texas 78701
Attn.: William H. Armstrong, III

With a copy to: Armbrust & Brown, PLLC
100 Congress Avenue
Suite 1300
Austin, Texas 78701
Attention: Kenneth Jones, Esq.

7.3 **CHOICE OF LAW AND VENUE. SECTION 9.12 OF THE LOAN AGREEMENT IS HEREBY INCORPORATED BY REFERENCE AS IF THE PROVISION WERE SET FORTH HEREIN IN ITS ENTIRETY.**

7.4 Invalid Provisions. If any provision of this Guaranty is held to be illegal, invalid, or unenforceable under present or future laws effective during the term of this Guaranty, such provision shall be fully severable and this Guaranty shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part of this Guaranty, and the remaining provisions of this Guaranty shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance from this Guaranty, unless such continued effectiveness of this Guaranty, as modified, would be contrary to the basic understandings and intentions of the parties as expressed herein.

7.5 Amendments. This Guaranty may be amended only by an instrument in writing executed by the party or an authorized representative of the party against whom such amendment is sought to be enforced.

7.6 Parties Bound; Assignment. This Guaranty shall be binding upon and inure to the benefit of the parties hereto and their respective successors, assigns and legal representatives; provided, however, that Guarantor may not, without the prior written consent of Lender, assign any of its rights, powers, duties or obligations hereunder.

7.7 Headings. Section headings are for convenience of reference only and shall in no way affect the interpretation of this Guaranty.

7.8 Recitals. The recital and introductory paragraphs hereof are a part hereof, form a basis for this Guaranty and shall be considered prima facie evidence of the facts and documents referred to therein.

7.9 Counterparts. To facilitate execution, this Guaranty may be executed in as many counterparts as may be convenient or required. It shall not be necessary that the signature or acknowledgment of, or on behalf of, each party, or that the signature of all persons required to bind any party, or the acknowledgment of such party, appear on each counterpart. All counterparts shall collectively constitute a single instrument. It shall not be necessary in making proof of this Guaranty to produce or account for more than a single counterpart containing the respective signatures of, or on behalf of, and the respective acknowledgments of, each of the parties hereto. Any signature or acknowledgment page to any counterpart may be detached from such counterpart without impairing the legal effect of the signatures or acknowledgments thereon and thereafter attached to another counterpart identical thereto except having attached to it additional signature or acknowledgment pages.

7.10 Rights and Remedies. If Guarantor becomes liable for any indebtedness owing by Borrower to Lender, by endorsement or otherwise, other than under this Guaranty, such liability shall not be in any manner impaired or affected hereby and the rights of Lender hereunder shall be cumulative of any and all other rights that Lender may ever have against Guarantor. The exercise by Lender of any right or remedy hereunder or under any other instrument, or at law or in equity, shall not preclude the concurrent or subsequent exercise of any other right or remedy.

7.11 **WAIVER OF JURY TRIAL. GUARANTOR AND LENDER, BY ACCEPTANCE OF THIS GUARANTY, ACKNOWLEDGE THAT THE RIGHT TO TRIAL BY JURY IS A CONSTITUTIONAL ONE, BUT THAT IT MAY BE WAIVED. EACH PARTY, AFTER CONSULTING (OR HAVING HAD THE OPPORTUNITY TO CONSULT) WITH COUNSEL OF THEIR CHOICE, KNOWINGLY AND VOLUNTARILY, AND FOR THEIR MUTUAL BENEFIT, WAIVES ANY RIGHT TO TRIAL BY JURY IN THE EVENT OF LITIGATION REGARDING THE PERFORMANCE OR ENFORCEMENT OF, OR IN ANY WAY RELATED TO, THIS AGREEMENT OR THE INDEBTEDNESS.**

7.12 **ENTIRETY. THIS GUARANTY EMBODIES THE FINAL, ENTIRE AGREEMENT OF GUARANTOR AND LENDER WITH RESPECT TO GUARANTOR'S GUARANTY OF THE GUARANTEED OBLIGATIONS AND SUPERSEDES ANY AND ALL PRIOR COMMITMENTS, AGREEMENTS, REPRESENTATIONS, AND UNDERSTANDINGS, WHETHER WRITTEN OR ORAL, RELATING TO THE SUBJECT MATTER HEREOF. THIS GUARANTY IS INTENDED BY GUARANTOR AND LENDER AS A FINAL AND COMPLETE EXPRESSION OF THE TERMS OF THE GUARANTY, AND NO COURSE OF DEALING BETWEEN GUARANTOR AND LENDER, NO COURSE OF PERFORMANCE, NO TRADE PRACTICES, AND NO EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OR DISCUSSIONS**

OR OTHER EXTRINSIC EVIDENCE OF ANY NATURE SHALL BE USED TO CONTRADICT, VARY, SUPPLEMENT OR MODIFY ANY TERM OF THIS GUARANTY AGREEMENT. THERE ARE NO ORAL AGREEMENTS BETWEEN GUARANTOR AND LENDER.

7.13 Release of Guaranty. Upon full and final payment of the indebtedness evidenced by the Note, performance of all Obligations under the Loan Agreement and satisfaction of all the Guaranteed Obligations described in this Guaranty, this Guaranty shall be released and of no further force and effect.

The remainder of this page is blank. The signature page follows.

EXECUTED as of the day and year first above written.

GUARANTOR:

STRATUS PROPERTIES INC.,
a Delaware corporation

By: /s/ Erin D. Pickens
Erin D. Pickens, Senior Vice President

STATE OF TEXAS §
§
COUNTY OF TRAVIS §

This instrument was ACKNOWLEDGED before me this 31st day of October, 2018, by Erin D. Pickens, Senior Vice President of **STRATUS PROPERTIES INC.**, a Delaware corporation, on behalf of said corporation, who is personally known to me or produced _____ as evidence of identification.

[S E A L] /s/ Jenny Foster
Notary Public - State of Texas

My Commission Expires:
Jenny Foster
04-13-2022 Printed Name of Notary Public

GUARANTY

THIS GUARANTY (this "***Guaranty***") is executed to be effective as of June 2, 2021, by **STRATUS PROPERTIES INC.**, a Delaware corporation (the "***Guarantor***") for the benefit of **TEXAS CAPITAL BANK, NATIONAL ASSOCIATION**, a national banking association, as Administrative Agent for the Lenders described in the Loan Agreement (together with its successors and assigns, being hereinafter referred to as "***Agent***").

RECITALS

A. Borrower may, from time to time, be indebted to Agent and Lenders pursuant to that certain Loan Agreement of even date herewith (as modified, amended, renewed, extended, and restated from time to time, the "***Loan Agreement***"), executed by and among Borrower, Agent and the Lenders described therein.

B. The execution and delivery of this Guaranty is a condition precedent to the obligations of Agent and the Lenders to make loans or extend credit under the Loan Agreement and is an integral part of the transactions contemplated thereby.

C. Guarantor is the beneficial owner of a direct or indirect interest in Borrower and is an Affiliate of Borrower. The value of the consideration and benefit received and to be received by Guarantor, directly or indirectly, as a result of the extension of credit by Agent and Lenders to Borrower is a substantial and direct benefit to Guarantor.

AGREEMENT:

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Guarantor hereby guarantees to Agent the prompt payment and performance of the Guaranteed Obligations, this Guaranty being upon the following terms and conditions:

1. **Definitions.** All capitalized terms used in this Guaranty and not otherwise defined herein shall have the same meanings as given them in the Loan Agreement. As used in this Guaranty, the following terms have the following meanings:

"***Affiliate***" means when used with respect to any Person, any other Person that, directly or indirectly, Controls, is Controlled by, or is under common Control with that Person.

"***Borrower***" means The Saint June, L.P., a Texas limited partnership, and without limitation, Borrower's successors and assigns (regardless of whether such successor or assign is formed by or results from any merger, consolidation, conversion, sale or transfer of assets, reorganization, or otherwise) including Borrower as a debtor-in-possession, and any receiver, trustee, liquidator, conservator, custodian, or similar party hereafter appointed for Borrower or all or substantially all of its assets pursuant to any liquidation, conservatorship, bankruptcy, moratorium, rearrangement, receivership, insolvency, reorganization, or similar Debtor Relief Laws from time to time in effect.

"***Carveout Obligations***" means any losses, damages, costs, Expenses, liabilities, and any other obligations suffered or incurred by Agent or any of the Lenders (including attorneys' fees and expenses), in connection with or resulting from any of the following:

(a) Any rents, issues or profits of the Property which are collected by or on behalf of the Borrower during an Event of Default and which are not applied to the normal operating expenses of the Property and any amounts due to Agent under the Loan Documents.

(b) The failure to pay any of the Impositions.

(c) Any intentional or grossly negligent waste on the Property committed by Borrower, Guarantor or any of their respective Affiliates.

(d) Any willful misconduct by Borrower, Guarantor or any of their respective Affiliates in violation of the Loan Documents (including interference with the exercise of remedies by Agent or any of the Lenders during the continuance of an Event of Default but excluding the failure to pay the Indebtedness; provided, however, that the good faith assertion of rights or defenses not otherwise waived in the Loan Documents by any such Person during the continuance of an Event of Default shall not constitute willful misconduct).

(e) Insurance and/or condemnation proceeds which are received by or on behalf of the Borrower and which are not delivered to the Agent or otherwise applied as required by the Loan Documents.

(f) Failure to keep the Property insured as required by the Loan Documents.

(g) The commission of any criminal act, fraud or intentional misrepresentation by Borrower, Guarantor or any of their respective Affiliates in connection with the Loan.

(h) Any fees or commissions paid by Borrower to any Affiliate in violation of the terms of the Loan Documents.

(i) The failure to pay expenses, charges or other liabilities that create liens on any portion of the Property to the extent such liens are not bonded over or discharged in accordance with the Loan Documents so that such liens are not encumbrances to the title of the Property.

(j) Upon foreclosure of the lien of the Loan Documents, the failure of the Borrower or any Affiliate of Borrower to deliver or surrender to the purchaser of the Property any real and personal property covered by any of the Loan Documents.

(k) Any amount owed to Agent or to Lenders pursuant to the Environmental Indemnity Agreement.

(l) Any breach by Borrower under or early termination of any Hedge Agreement entered into between Borrower and Agent or any Lenders (or any of their respective Affiliates), if any.

(m) Failure to maintain any accounts with Agent, to the extent required by the Loan Documents.

(n) Failure to pay to Agent all unearned advance rentals, security deposits or similar monetary deposits that have been paid by tenants of the Property (i) to the extent that such funds have not been refunded to such tenants, and (ii) to the extent payment to Agent is required under the Loan Documents.

(o) Any damages, costs and expenses arising from, or in connection with, Borrower's failure to pay any amount resulting in a lien pursuant to Section 61 of the Texas Labor Code.

It being intended hereby that the Guarantor shall be personally liable and obligated to the full extent of each and all of the amounts described in the subsections of this paragraph and that the Agent shall not be limited in any way in enforcing such personal liability and obligation of the Guarantor.

"***Cash Equivalents***" means (a) cash, currency, or a credit balance in a demand, time, savings, passbook, or like account with Agent or a federal or state insured bank located in the United States, and (b) certificates of deposit that are issued by, and held at, Agent or a federal or state insured bank located in the United States and mature within 60 days from the date of issuance thereof.

"***Commodity Exchange Act***" means the Commodity Exchange Act (7 U.S.C. § 1 et seq.).

"***Completion Obligations***" means all of the Obligations of Borrower to achieve Completion on or before the Completion Date in accordance with the Loan Agreement and to pay all costs and expenses in connection therewith, including without limitation, the obligation to make any required "***Completion Deposit***" under the Loan Agreement and the obligation to fund any cost overruns if the Borrower's equity plus the proceeds of the Loan allocated to achieve Completion are insufficient to achieve Completion on or before the Completion Date.

"***Eligible Government Securities***" means obligations: (a) which are (i) issued or guaranteed by the United States of America or any instrumentality thereof, (ii) regularly traded on a Public Market and are not subject to any suspension, revocations, or halting of its trading privileges, and (iii) not subject to any federal or state securities laws or other laws which restrict or limit their sale or transfer; (b) whose issuer is in compliance with all reporting requirements under the Commodity Exchange Act and any rules promulgated by the relevant exchange; and (c) whose issuer is not subject to a Regulatory Event.

"***Eligible Securities***" means common stock equity securities: (a) which are (i) regularly traded on a Public Market, (ii) freely sold by or for the account of Borrower and Agent without any restrictions under Rule 144 of the Securities Act of 1933, as amended, (iii) registered and freely saleable shares, (iv) were issued by an issuer that is compliance with all reporting

requirements under the Commodity Exchange Act and any rules promulgated by the relevant exchange, (v) not issued or maintained by a hedge fund, and (vi) maintained in non-retirement accounts; (b) whose issuer's trading privileges on the relevant exchange are not revoked, suspended or otherwise halted; and (c) whose issuer is not subject to a Regulatory Event.

"***Environmental Indemnity Agreement***" means that certain Environmental Indemnity Agreement dated of even date hereof executed by Borrower and Guarantor in favor of Agent, on behalf of Lenders.

"***Excluded Rate Contract Obligation***" means, with respect to Guarantor, any guarantee of any Swap Obligation under a Secured Rate Contract if, and only to the extent that and for so long as, all or a portion of the guarantee of Guarantor of such Swap Obligation under a Secured Rate Contract (or any guarantee thereof) is or becomes illegal under the Commodity Exchange Act or any rule, regulation or order of the Commodity Futures Trading Commission (or the application or official interpretation of any thereof) by virtue of Guarantor's failure for any reason to constitute an "eligible contract participant" as defined in the Commodity Exchange Act at the time the guarantee of Guarantor becomes effective with respect to such Swap Obligation under a Secured Rate Contract. If a Swap Obligation under a Secured Rate Contract arises under a master agreement governing more than one swap, such exclusion shall apply only to the portion of such Swap Obligation under a Secured Rate Contract that is attributable to swaps for which such guarantee becomes illegal.

"***Expenses***" means (a) all costs and expenses of Agent or any of the Lenders in connection with any default and the enforcement of this Guaranty or any other Loan Document, including, without limitation, the fees and expenses of their respective legal counsel, advisors, consultants, and auditors, (b) all transfer, stamp, documentary, or other similar taxes, assessments, or charges levied by any Governmental Authority in respect of this Guaranty or any of the other Loan Documents, and (c) all other out of pocket costs and expenses incurred by Agent or any of the Lenders in connection with this Guaranty or any other Loan Document, including without limitation, any out of pocket costs and expenses incurred in servicing or administering the Loan (including costs or expenses related to any amendments or modifications), any litigation, dispute, suit, proceeding, or action; the enforcement of its rights and remedies, and the protection of its interests in bankruptcy, insolvency, or other legal proceedings.

"***Fraudulent Transfer Laws***" has the meaning assigned to such term in ***Section 14***.

"***Guaranteed Obligations***" means all of the following:

(a) All Indebtedness including, without limitation, any and all pre- and post-maturity interest thereon (including post-petition interest and expenses and attorneys' fees), if Borrower is the debtor in a bankruptcy proceeding under the Debtor Relief Laws, whether or not allowed with respect to Borrower under any Debtor Relief Law (subject to ***Section 2(b)*** hereof regarding liability for the repayment of the Indebtedness).

(b) All Obligations.

(c) Carveout Obligations.

(d) All Completion Obligations.

(e) All Expenses.

(f) Interest on the foregoing amounts in (b), (c), (d) and (e) in this definition from the date when due until the date paid at the Default Rate (as defined in the Note).

Notwithstanding the foregoing, "***Guaranteed Obligations***" does not include any Excluded Rate Contract Obligation.

"***Hedge Agreement***" has the meaning assigned to such term in the Loan Agreement.

"***Indebtedness***" has the meaning assigned to such term in the Loan Agreement.

"***Lenders***" means the Lenders described in the Loan Agreement, and their respective successors and assigns permitted under the Loan Agreement.

"***Liquid Assets***" means (a) Cash Equivalents, (b) Eligible Government Securities, and (c) Eligible Securities, as approved by Lender.

"***Loans***" means the loans evidenced by the Note and secured by the Security Instrument as further described in the Loan Agreement.

"***NAV***" is defined as the sum of (a) the estimated market value of Guarantor's assets, minus (b) the book value of Guarantor's tangible liabilities determined according to GAAP, and shall be calculated in accordance with the standards set forth in the "Cautionary Statement and Regulation G Disclosure" section of Guarantor's Investor Presentation dated as of March 15, 2021, except that (x) asset values shall reflect current annual appraised (such appraisals to be conducted in accordance with USPAP) or estimated market value (as verified by Bank in Bank's reasonable discretion) as of each year-end, (y) pro forma adjustments shall be made to reflect any assets with estimated market values representing more than 10% of the latest NAV disposed of prior to the date of the certification, and (z) tangible liabilities shall exclude any tangible liabilities representing more than 10% of the latest NAV paid or otherwise extinguished prior to the date of the certification.

"***Note***" means, collectively, each Promissory Note executed by Borrower and payable to each of the Lenders in the aggregate principal face amount of the Loans, as the same may be renewed, amended, extended, restated, or modified and all notes given in substitution therefor.

"***Obligations***" has the meaning assigned to such term in the Security Instrument.

"***Person***" means any individual, corporation, partnership (general or limited), joint venture, limited liability company, association, trust, unincorporated association, joint stock company, government, municipality, political subdivision, agency, or other entity.

"***Plans***" means the plans and specifications and all modifications thereof and additions thereto, as more particularly described in the Loan Agreement.

"***Public Market***" means a nationally recognized United States public exchange or market acceptable to Lender on which securities, debt instruments, and/or mutual funds are regularly traded.

"***Qualified ECP Guarantor***" means, in respect of any Swap Obligation under a Secured Rate Contract, each Guarantor that has total assets exceeding $10,000,000 at the time the relevant guarantee becomes effective with respect to such Swap Obligation under a Secured Rate Contract or such other person or entity who constitutes an "eligible contract participant" under the Commodity Exchange Act and who can cause another person or entity to qualify as an "eligible contract participant" at such time by entering into a keepwell under Section 1a(18)(A)(v)(II) of the Commodity Exchange Act.

"***Regulatory Event***" means, with respect to any issuer of any Eligible Government Securities or Eligible Securities, (a) there exists any investigation or proceeding made by any Governmental Authority against any director or senior officer of such issuer (to the extent the proposed violation is in connection with such Person's duties at such issuer or could otherwise impact such Person's role at such issuer) for violation or breach of Law that could result in a material adverse effect on such issuer, or (b) such issuer is subject to any insolvency or bankruptcy proceedings.

"***Secured Rate Contract***" means any Secured Hedge Agreement which Lender has acknowledged in writing constitutes a "Secured Rate Contract" hereunder.

"***Security Instrument***" means that certain Deed of Trust, Security Agreement and Assignment of Rents of even date herewith, executed by the Borrower in favor of the Trustee named therein, for the benefit of Agent, as Administrative Agent for the Lenders.

"***Subordinated Debt***" has the meaning assigned to such term in ***Section 7***.

"***Swap Obligation***" means, with respect to Guarantor, any obligation to pay or perform under any agreement, contract or transaction that constitutes a "swap" within the meaning of Section 1a(47) of the Commodity Exchange Act.

2. **Payment**.

(a) Guarantor hereby unconditionally and irrevocably guarantees to Agent for the benefit of Lenders, as a continuing guaranty of payment, and not merely as a guaranty of collection, the prompt payment when due, whether at stated maturity, by required prepayment, by lapse of time, by acceleration of maturity, demand, or otherwise, and at all times thereafter, of the Guaranteed Obligations. This Guaranty covers the Guaranteed Obligations, whether presently outstanding or arising subsequent to the date hereof, including all amounts advanced by Agent of any of the Lenders in stages or installments. The guaranty of Guarantor as set forth in this Section is a continuing guaranty of payment and not a guaranty of collection. Guarantor may be required to pay and perform the Guaranteed Obligations in full without assistance or support from Borrower or any other party. If all or any part of the Guaranteed Obligations shall not be punctually paid when due, whether on the scheduled payment date, by lapse of time, by acceleration of maturity, or otherwise, Guarantor shall, immediately upon demand by Agent, pay the

amount due on the Guaranteed Obligations to Agent at Agent's address for payment as set forth in the Note. Any such demand may be made at any time coincident with or after the time for payment of all or part of the Guaranteed Obligations, and may be made from time to time with respect to the same or different items of Guaranteed Obligations.

(b) Notwithstanding the foregoing, but subject to ***Section 2(d)*** below, at such time as the Borrower delivers to Agent evidence satisfactory to Agent that Completion has occurred and all the conditions set forth in ***Section 3.10*** of the Loan Agreement with respect to Agent and Lenders' obligations to make the final Advance have been satisfied, provided no Event of Default then exists, the liability of Guarantor with respect to Indebtedness only will be limited to 50% of the total amount of the Indebtedness; provided that Guarantor's liability under each other clause of the definition of Guaranteed Obligations will not be affected.

(c) Notwithstanding the foregoing, but subject to ***Section 2(d)*** below, at such time as the Borrower delivers to Lender evidence satisfactory to Lender that the Debt Service Coverage Ratio then equals or exceeds 1.25:1.00, calculated as of the end of the second calendar month preceding the date of such calculation, provided no Event of Default then exists, the liability of Guarantor with respect to Indebtedness only will be terminated in its entirety; provided that Guarantor's liability under each other clause of the definition of Guaranteed Obligations will not be affected.

(d) **NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS GUARANTY INCLUDING WITHOUT LIMITATION ANY LIMITATION OR REDUCTION IN LIABILITY CONTAINED IN THE DEFINITION OF GUARANTEED OBLIGATIONS, GUARANTOR SHALL BE FULLY AND PERSONALLY LIABLE TO AGENT AND LENDERS FOR THE PAYMENT IN FULL OF THE INDEBTEDNESS AND PERFORMANCE OF THE OBLIGATIONS, IN ADDITION TO ANY LIABILITY FOR THE GUARANTEED OBLIGATIONS, IF THERE SHALL BE AN EVENT OF DEFAULT (REGARDLESS IF SUCH EVENT OF DEFAULT IS SUBSEQUENTLY CURED) UNDER:**

(i) ***SECTION 8.5*** **(INSOLVENCY; BANKRUPTCY) OF THE LOAN AGREEMENT.**

(ii) ***SECTION 8.9*** **(DISPOSITION OF PROPERTY OR BENEFICIAL INTEREST IN BORROWER) OF THE LOAN AGREEMENT.**

3. **Performance**.

(a) Guarantor hereby unconditionally and irrevocably guarantees to Agent and Lenders the timely performance of the Guaranteed Obligations, and not merely as a guaranty of collection. If any of the Guaranteed Obligations are not satisfied or complied with in any respect whatsoever, and without the necessity of any notice from Agent or any Lenders to Guarantor, Guarantor agrees to indemnify and hold Agent and Lenders harmless from any and all loss, cost, liability, or expense that Agent and Lenders may

suffer by any reason of any such non-performance or non-compliance. The obligations and liability of Guarantor under this Section shall not be limited or restricted by the existence of, or any terms of, the guaranty of payment under ***Section 2*** of this Guaranty.

(b) If an Event of Default exists or the Completion Obligations are not timely performed by Borrower in accordance with the Loan Documents (taking into account any applicable grace, notice or cure period), Agent may elect, in its sole discretion in a written notice to Guarantor, to require Guarantor to satisfy the Completion Obligations. If Agent has requested Guarantor to perform the Completion Obligations pursuant hereto, Guarantor will be entitled to request and draw all of the undisbursed Loans proceeds intended to be used for the construction of the Improvements pursuant to the Budget (but not in excess of the committed amount of the Loans), together with any Completion Deposit. Lenders shall disburse such funds for the purpose of, and to the extent necessary for, performance of the Completion Obligations, provided that: (i) Guarantor shall be performing the Completion Obligations or causing the performance of the same with due diligence; (ii) Guarantor shall have made all required deposits into the Completion Deposit and all other deposits required under the Loan Agreement; (iii) all disbursements of Loan proceeds to Guarantor shall be secured by the Loan Documents with the same priority as all previous advances of Loan proceeds to Borrower; (iv) Guarantor shall have cured all continuing Events of Default, provided that Guarantor shall not be required to cure any non-monetary Event of Default which is personal to Borrower and therefore not susceptible to cure by Guarantor; and (v) Guarantor shall otherwise comply with the provisions of the Loan Agreement concerning the performance of the Completion Obligations including the requirements for advance requests and disbursement of proceeds of the Loans.

(c) If following Agent's request of Guarantor to perform the Completion Obligations, the Completion Obligations are not timely performed by Guarantor in accordance with the Loan Documents (taking into account any applicable grace, notice or cure period), Agent may elect, in its sole discretion in a written notice to Guarantor, to cause the satisfaction of the Completion Obligations, which Guarantor will fully indemnify and hold harmless Agent and Lenders for, from and against all loss, cost, damage, expense or liability that Agent and Lenders may suffer in respect of Agent and Lenders' performance of the Completion Obligations **INCLUDING AGENT AND LENDERS' NEGLIGENCE AND/OR STRICT LIABILITY**, except to the extent that the same may result from the willful misconduct or gross negligence of Agent, Lenders or any of their respective employees or agents. Agent may elect to perform such Completion Obligations before or after commencement of foreclosure proceedings or before or after exercise of any other right or remedy of Agent against Borrower or Guarantor, with such changes or modifications in the Plans that Agent deems necessary and expend such sums as Agent, in its discretion, deems necessary or advisable to complete the Improvements. Guarantor hereby waives any right to contest any such necessary or advisable expenditures. The amount of any and all expenditures made by Agent for the foregoing purposes shall be due and payable by Guarantor to Agent upon demand together with interest as provided in the Loan Documents. Agent does not have and shall never have any obligation to complete the Improvements or take any action to cause such completion. The liability and obligations under this subsection will not be

limited or restricted by the existence of any other section of this Guaranty or by the terms of any other guaranty relating to the Loans.

4. **Primary Liability of Guarantor**.

(a) This Guaranty is an absolute, irrevocable, and unconditional guaranty of payment and performance. Guarantor is and shall be liable for the payment and performance of the Guaranteed Obligations, as set forth in this Guaranty, as a primary obligor.

(b) In the event of default in payment or performance of the Guaranteed Obligations, or any part thereof, when such Guaranteed Obligations become due, whether by its terms, by acceleration, or otherwise, Guarantor shall promptly pay the amount due thereon to Agent without notice or demand, of any kind or nature (except to the extent expressly required by the Loan Documents), in lawful money of the United States of America or perform the obligations to be performed hereunder, and it shall not be necessary for Agent or any of the Lenders in order to enforce such payment and performance by Guarantor first, or contemporaneously, to institute suit or exhaust remedies against Borrower or any other Person liable on the Guaranteed Obligations, or any part thereof, or to enforce any rights, remedies, powers, privileges, or benefits of Agent or Lenders against any property, security, or other collateral which shall ever have been given to secure the Guaranteed Obligations.

(c) Suit may be brought or demand may be made against Guarantor or any other guaranty in favor of Agent (on behalf of Lenders) covering all or any part of the Guaranteed Obligations, or against any one or more of them, separately or together, without impairing the rights of Agent against any party hereto. Any time that Agent is entitled to exercise its rights or remedies hereunder, Agent may in its discretion elect to demand payment and/or performance. If Agent elects to demand performance, then it shall at all times thereafter have the right to demand payment until all of the Guaranteed Obligations have been paid and performed in full. If Agent elects to demand payment, then it shall at all times thereafter have the right to demand performance until all of the Guaranteed Obligations have been paid and performed in full.

5. Other Guaranteed Obligations. If Guarantor becomes liable for any indebtedness owing by Borrower to Agent or any of the Lenders, by endorsement or otherwise, other than under this Guaranty, such liability shall not be in any manner impaired or affected hereby, and the rights hereunder shall be cumulative of any and all other rights that Agent or any of the Lenders may ever have against Guarantor. The exercise by Agent or any of the Lenders of any right hereunder or under any other instrument, or at law or in equity, shall not preclude the concurrent or subsequent exercise of any other right by Agent or any of the Lenders.

6. Waiver of Subrogation. Notwithstanding anything to the contrary contained herein, until the Indebtedness has been indefeasibly paid, the Obligations have been fully performed and any commitments of Agent and the Lenders with respect to the Guaranteed Obligations are terminated, Guarantor waives to the extent permitted by applicable law any right of subrogation, reimbursement, indemnification, or contribution arising from Borrower to

Guarantor. If Guarantor is or becomes an "insider" under any Debtor Relief Law with respect to Borrower, then Guarantor hereby irrevocably and absolutely waives any and all rights of contribution, indemnification, reimbursement or any similar rights against Borrower with respect to this Guaranty (including any right of subrogation, except to the extent of collateral held by Agent), whether such rights arise under an express or implied contract or by operation of law. It is the intention of the parties that Guarantor shall not be deemed to be a "creditor" under any Debtor Relief Law of Borrower by reason of the existence of this Guaranty.

7. **Subordinated Debt.** All indebtedness, liabilities, and obligations of Borrower to Guarantor (the "***Subordinated Debt***") now or hereafter existing, due or to become due to Guarantor, or held or to be held by Guarantor, whether created directly or acquired by assignment or otherwise, and whether evidenced by written instrument or not, shall be expressly subordinated to the Guaranteed Obligations. Until such time as the Guaranteed Obligations are paid and performed in full and all commitments to lend under the Loan Documents have terminated, Guarantor agrees not to receive or accept any payment from Borrower with respect to the Subordinated Debt at any time an Event of Default exists before or after giving effect thereto; and, in the event Guarantor receives any payment on the Subordinated Debt in violation of the foregoing, Guarantor will hold any such payment in trust for Agent and forthwith turn it over to Agent in the form received, to be applied to the Guaranteed Obligations, but without reducing or affecting in any manner the liability of the Guarantor under this Guaranty.

8. **Obligations Not to be Diminished.** Guarantor hereby agrees that its obligations under this Guaranty shall not be released, discharged, diminished, impaired, reduced, or affected for any reason or by the occurrence of any event (other than the actual payment or performance thereof), including, without limitation, one or more of the following events, whether or not with notice to or the consent of Guarantor: (a) the taking or accepting of collateral as security for any or all of the Guaranteed Obligations or the release, surrender, exchange, or subordination of any collateral now or hereafter securing any or all of the Guaranteed Obligations; (b) any partial release of the liability of Borrower or the full or partial release of any other guarantor or obligor from liability for any or all of the Guaranteed Obligations; (c) any disability, dissolution, insolvency, or bankruptcy of Borrower, or any other guarantor, or any other party at any time liable for the payment of any or all of the Guaranteed Obligations; (d) any renewal, extension, modification, waiver, amendment, or rearrangement of any or all of the Guaranteed Obligations or any instrument, document, or agreement evidencing, securing, or otherwise relating to any or all of the Guaranteed Obligations, including changes in the Plans and other terms or aspects of construction of the Improvements; (e) any adjustment, indulgence, forbearance, waiver, or compromise that may be granted or given by Agent to Borrower, Guarantor, or any other party ever liable for any or all of the Guaranteed Obligations; (f) any neglect, delay, omission, failure, or refusal of Agent to take or prosecute any action for the collection of any of the Guaranteed Obligations or to foreclose or take or prosecute any action in connection with any instrument, document, or agreement evidencing, securing, or otherwise relating to any or all of the Guaranteed Obligations; (g) the unenforceability or invalidity of any or all of the Guaranteed Obligations or of any instrument, document, or agreement evidencing, securing, or otherwise relating to any or all of the Guaranteed Obligations; (h) any payment by Borrower or any other party to Agent is held to constitute a preference under applicable bankruptcy or insolvency law or if for any other reason Agent is required to refund any payment or pay the amount thereof to someone else; (i) the settlement or compromise of any of the Guaranteed Obligations; (j) the

non-perfection of any security interest or lien securing any or all of the Guaranteed Obligations; (k) any impairment of any collateral securing any or all of the Guaranteed Obligations; (l) the failure of Agent to sell any collateral securing any or all of the Guaranteed Obligations in a commercially reasonable manner or as otherwise required by law; (m) any change in the corporate, partnership, or limited liability company, as applicable, existence, structure, or ownership of Borrower; or (n) any other circumstance which might otherwise constitute a defense available to, or discharge of, Borrower or Guarantor, other than the actual payment of the Indebtedness or performance of the Obligations.

9. **Waivers.** Guarantor waives for the benefit of Agent: (a) any right to revoke this Guaranty with respect to future Indebtedness; (b) any right to require Agent to do any of the following before Guarantor is obligated to pay the Guaranteed Obligations or before Agent may proceed against Guarantor: (i) sue or exhaust remedies against Borrower or any other guarantors or obligors; (ii) sue on an accrued right of action in respect of any of the Guaranteed Obligations or bring any other action, exercise any other right, or exhaust all other remedies or (iii) enforce rights against Borrower's assets or any collateral pledged by Borrower to secure the Guaranteed Obligations; (c) any right relating to the timing, manner, or conduct of Agent's enforcement of rights against Borrower's assets or any collateral pledged by Borrower to secure the Guaranteed Obligations; (d) if both Guarantor and Borrower or any other Person have pledged assets to secure the Guaranteed Obligations, any right to require Agent to proceed first against any such other collateral before proceeding against any collateral pledged by Guarantor; (e) except as expressly required hereby, promptness, diligence, notice of any default under the Guaranteed Obligations, notice of acceleration or intent to accelerate, demand for payment, notice of acceptance of this Guaranty, presentment, notice of protest, notice of dishonor, notice of the incurring by Borrower of additional indebtedness, notice of any suit or other action by Agent against Borrower or any other Person, any notice to any Person liable for the obligation which is the subject of the suit or action, and all other notices and demands with respect to the Guaranteed Obligations and this Guaranty; (f) (i) any principles or provisions of law, statutory, or otherwise, which are or might be in conflict with the terms hereof and any legal or equitable discharge of Guarantor's obligations hereunder, (ii) the benefit of any statute of limitations affecting Guarantor's liability hereunder or the enforcement hereof, and (iii) any requirement that Agent protect, secure, perfect, or insure any security interest or lien or any property subject thereto; and (g) any and all rights or defenses regardless whether they arise under (i) *Section 43.001–005* of the Tex. Civ. Prac. & Rem. Code, as amended (ii) *Section 17.001* of the Texas Civil Practice and Remedies Code, as amended, (iii) *Rule 31* of the Texas Rules of Civil Procedure, as amended, (iv) common law, in equity, under contract, by statute, or otherwise, or (v) *Sections 51.003*, *51.004* and *51.005* of the Texas Property Code, as amended.

10. **Insolvency.** Should Guarantor become insolvent, or fail to pay Guarantor's debts generally as they become due, or voluntarily seek, consent to, or acquiesce in the benefit or benefits of any Debtor Relief Law, or become a party to (or be made the subject of) any proceeding provided for by any Debtor Relief Law (other than as a creditor or claimant) that could suspend or otherwise adversely affect the rights of Agent or Lenders granted hereunder, then, in any such event, the Guaranteed Obligations shall be, as between Guarantor and Agent and each of the Lenders, a fully matured, due, and payable obligation of Guarantor to Agent and to each of the Lenders (without regard to whether Borrower is then in default under any of the Loan Documents or whether the Obligations, or any part thereof is then due and performable by

Borrower or any other party to Agent and to Lenders), payable in full by Guarantor to Agent and to each of the Lenders upon demand, which shall be the estimated amount owing in respect of the contingent claim created hereunder.

11. **Termination; Reinstatement**. Guarantor's obligations hereunder shall remain in full force and effect until all commitments to lend under the Loan Documents have terminated, and the Guaranteed Obligations have been paid in full. If at any time any payment of the principal of or interest on or any other amount payable by Borrower under the Loan Documents is rescinded or must be otherwise restored or returned upon the insolvency, bankruptcy, or reorganization of Borrower or otherwise, then Guarantor's obligations hereunder with respect to such payment shall be reinstated as though such payment had been due but not made at such time.

12. **Representations and Warranties**. Guarantor represents and warrants the following:

(a) It is duly organized and in good standing under the laws of the jurisdiction of its organization and has full capacity and right to make and perform this Guaranty, and all necessary authority has been obtained.

(b) This Guaranty constitutes its legal, valid, and binding obligation enforceable in accordance with its terms, except as limited by Debtor Relief Laws.

(c) The making and performance of this Guaranty does not and will not violate the provisions of any applicable law, regulation, or order, and does not and will not result in the breach of, or constitute a default or require any consent (that has not been obtained) under, any material agreement, instrument, or document to which Guarantor is a party or by which it or any of its property may be bound or affected.

(d) All consents, approvals, licenses, and authorizations of, and filings and registrations with, any Governmental Authority required under applicable law and regulations for the making and performance of this Guaranty have been obtained or made and are in full force and effect.

(e) By virtue of its relationship with Borrower, the execution, delivery, and performance of this Guaranty is for the direct benefit of Guarantor and it has received good, valuable and sufficient consideration for this Guaranty.

(f) Guarantor has, independently and without reliance upon Agent or any of the Lenders and based upon such documents and information as Guarantor has deemed appropriate, made its own analysis and decision to enter into this Guaranty.

(g) Guarantor has adequate means to obtain from Borrower on a continuing basis information concerning the financial condition and assets of Borrower, and Guarantor is not relying upon Agent or any of the Lenders to provide (and Agent and the Lenders shall have no duty to provide) any such information to Guarantor either now or in the future.

(h) All of the assets listed on Guarantor's financial statements delivered to Agent and to be delivered to Agent are available to pay the Guaranteed Obligations without the joinder of any other party.

(i) All information, financial statements, reports, papers, and data given or to be given to Agent by or on behalf of Guarantor are now, or at the time of preparation will be, accurate, complete, and correct in all material respects and do not, or will not, knowingly omit any fact that is necessary to prevent the facts contained therein from being materially misleading.

(j) Guarantor is the beneficial owner of a direct or indirect interest in Borrower. The value of the consideration and benefit received and to be received by Guarantor, directly or indirectly, as a result of the extension of credit to Borrower is a substantial and direct benefit to Guarantor.

(k) No Material Adverse Event has occurred with respect to Guarantor.

(l) The making and performance of this Guaranty does not result in the creation or imposition of any lien, charge, or encumbrance of any nature upon any of Guarantor's property or assets.

(m) Guarantor (i) has filed on or before the respective due dates all federal, state, county, municipal, city, income, and other tax returns required to have been filed by Guarantor, including, without limitation, those required under the Tax Code, (ii) is not delinquent in filing those returns or extensions, if any, (iii) has paid all taxes and related liabilities that are due pursuant to those returns or pursuant to any assessments received by Guarantor to the extent those taxes have become due, (iv) does not know of any basis for any additional assessment regarding any such taxes and related liabilities, and (v) believes its tax returns reflect the income and taxes of Guarantor for the periods covered thereby, subject only to reasonable adjustments required by the Internal Revenue Service or other applicable tax authority upon audit; provided, however, that Guarantor may make a good faith contest of any amounts referenced in this subsection in the manner provided in the Loan Agreement.

(n) Except as disclosed in writing to Agent, there are no (i) judicial, administrative, mediation, or arbitration actions, suits, or proceedings, at law or in equity, before any Governmental Authority or arbitrator pending or threatened in writing against or affecting Guarantor that, if decided adversely, will have a Material Adverse Event (as defined in the Loan Agreement), or (ii) outstanding or unpaid judgments against Guarantor.

(o) No bankruptcy or insolvency proceedings are pending or contemplated by Guarantor.

(p) Guarantor is not an "investment company" within the meaning of the Investment Company Act of 1940, as amended, nor is Guarantor "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

(q) Guarantor is not engaged principally, or as one of its important activities, directly or indirectly, in the business of extending credit for the purpose of purchasing or carrying margin stock, and none of the proceeds of the Note shall be used, directly or indirectly, to purchase or carry any margin stock or made available by Guarantor in any manner to any other Person to enable or assist that Person in Purchasing or carrying margin stock, or shall be otherwise used or made available for any other purpose that might violate the provisions of Regulations G, T, U, or X of the Board of Governors of the Federal Reserve System.

(r) There are no outstanding citations, notices or orders of non-compliance issued to Guarantor or relating to its businesses, assets, property, leaseholds or equipment under any such laws, rules or regulations.

(s) Guarantor, and each of Guarantor's Affiliates, are in compliance with (i) the Trading with the Enemy Act, and each of the foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B Chapter V, as amended), and all other enabling legislation or executing order relating thereto, (ii) the Patriot Act, and (iii) all other federal or state laws relating to "know your customer" and anti-money laundering rules and regulations. Guarantor authorizes Agent to obtain, verify and record information that identifies Guarantor that may include the names and addresses of such parties and other information that will allow Agent to identify such parties in accordance with the requirements of Anti-Terrorism Laws.

13. **Covenants**. So long as this Guaranty remains in full force and effect, Guarantor shall, unless Agent shall otherwise consent in writing:

(a) Maintain full and accurate books and other records (in accordance with the Accounting Principles).

(b) Furnish to Agent the financial information required to be delivered under the Loan Agreement, together with such additional information concerning Guarantor as Agent may request.

(c) Obtain at any time and from time to time all authorizations, licenses, consents, or approvals as shall now or hereafter be necessary or desirable under all applicable laws or regulations or otherwise in connection with the execution, delivery, and performance of this Guaranty and will promptly furnish copies thereof to Agent.

(d) From time to time at the reasonable request of Agent, Guarantor shall promptly deliver to Agent any certification or other evidence reasonably requested by Agent confirming compliance by Guarantor with all Anti-Terrorism Laws, and confirming that neither Guarantor (nor any Person owning any direct interest of any nature whatsoever in Guarantor) is a Prohibited Person, and

(e) If Agent or any of the Lenders reasonably believes that Guarantor or any Affiliate of Guarantor may have breached any of the representations, warranties, or covenants set forth in the Loan Documents relating to any Anti-Terrorism Laws or the identity of any Person as a Prohibited Person, then Agent and each of the Lenders shall

have the right, with or without notice to Borrower, Guarantor, or any other Person, to (i) notify the appropriate Governmental Authority and to take such action as such Governmental Authority or applicable Anti-Terrorism Laws may direct, (ii) decline any payment (or deposit such payment with an appropriate United States Governmental Authority) or decline any prepayment or consent request, and/or (iii) declare an Event of Default and immediately accelerate the Indebtedness in connection therewith. Guarantor agrees that Guarantor shall not assert any claim (and hereby waives, for itself and on behalf of such other Persons any claim that they may now or hereafter have) against Agent or any Lenders or any of their Affiliates, successors, assigns, representatives, or agents for any form of damages as a result of any of the foregoing actions, regardless of whether or not Agent or such Lender's reasonable belief is ultimately demonstrated to be accurate.

(f) Maintain minimum unencumbered Liquid Assets of at least $10,000,000.00. Within ninety (90) days after the end of each fiscal year of Guarantor, commencing with the period ending December 31, 2021, Guarantor shall deliver to Bank verification of Guarantor's Liquid Assets and compliance with this covenant in form and substance acceptable to Bank, in Bank's sole discretion.

(g) Maintain a NAV of at least $125,000,000.00. Within ninety (90) days after the end of each fiscal year of Guarantor, commencing with the period ending December 31, 2021, Guarantor shall deliver to Bank verification of Guarantor's NAV and compliance with this covenant in form and substance acceptable to Bank, in Bank's sole discretion.

14. **No Fraudulent Transfer**. It is the intention of Guarantor and Agent that the amount of the Guaranteed Obligations guaranteed by Guarantor by this Guaranty shall be in, but not in excess of, the maximum amount permitted by fraudulent conveyance, fraudulent transfer, or similar laws applicable to Guarantor (collectively, "***Fraudulent Transfer Laws***"). Accordingly, notwithstanding anything to the contrary contained in this Guaranty or any other agreement or instrument executed in connection with the payment of any of the Guaranteed Obligations, the amount of the Guaranteed Obligations guaranteed by Guarantor by this Guaranty shall be limited to that amount which after giving effect thereto would not (a) render Guarantor insolvent, (b) result in the fair saleable value of the assets of Guarantor being less than the amount required to pay its debts and other liabilities (including contingent liabilities) as they mature, or (c) leave Guarantor with unreasonably small capital to carry out its business as now conducted and as proposed to be conducted, including its capital needs, as such concepts described in *clauses (a)*, *(b)* and *(c)* of this Section are determined under applicable law, if the obligations of Guarantor hereunder would otherwise be set aside, terminated, annulled or avoided for such reason by a court of competent jurisdiction in a proceeding actually pending before such court. For purposes of this Guaranty, the term "***applicable law***" means as to Guarantor each statute, law, ordinance, regulation, order, judgment, injunction or decree of the United States or any state or commonwealth, any municipality, any foreign country, or any territory, possession or governmental authority applicable to Guarantor. Any analysis of the provisions of this Guaranty for purposes of Fraudulent Transfer Laws shall take into account the right of contribution against any other Guarantor and, for purposes of such analysis, give effect to any discharge of intercompany debt as a result of any payment made under the Guaranty.

15. **Successors and Assigns**. This Guaranty is for the benefit of Agent, Lenders and their respective successors and assigns, and, in the event of an assignment of the Guaranteed Obligations, or any part thereof, the rights hereunder, to the extent applicable to the indebtedness so assigned, may be transferred with such indebtedness. This Guaranty is binding on Guarantor, and Guarantor's successors and permitted assigns; *provided that*, Guarantor may not assign its obligations under this Guaranty without obtaining Agent's prior written consent, and any assignment purported to be made without Agent's prior written consent shall be null and void.

16. **Setoff Rights**. Agent shall have the right to set off and apply against this Guaranty or the Guaranteed Obligations or both, at any time during the existence of an Event of Default and without notice to Guarantor, any and all deposits (general or special, time or demand, provisional or final) or other sums at any time credited by or owing from Agent to Guarantor whether or not the Guaranteed Obligations are then due and irrespective of whether or not Agent shall have made any demand under this Guaranty. As further security for this Guaranty and the Guaranteed Obligations, Guarantor hereby grants to Agent a security interest in all deposits (general or special, time or demand, provisional or final) other accounts of Guarantor, money, instruments, and other property of Guarantor now or hereafter on deposit with or held by Agent and all other sums at any time credited by or owing from Agent to Guarantor. The rights and remedies of Agent hereunder are in addition to other rights and remedies (including, without limitation, other rights of setoff) which Agent may have.

17. **Time of Essence; Recitals.** Time shall be of the essence in this Guaranty with respect to all of Guarantor's obligations hereunder. The recitals of this Guaranty are incorporated into this Guaranty.

18. **Choice of Law; Venue. THIS GUARANTY AND ANY CONTROVERSY, DISPUTE, CLAIM OR CAUSE OF ACTION ARISING OUT OF OR RELATING TO THIS GUARANTY, THE OTHER LOAN DOCUMENTS, THE BREACH THEREOF, THE TRANSACTIONS CONTEMPLATED THEREBY, OR ANY OTHER DISPUTE BETWEEN OR AMONG THE PARTIES TO THE LOAN DOCUMENTS (WHETHER IN CONTRACT, TORT OR OTHERWISE) SHALL BE GOVERNED BY, CONSTRUED IN ACCORDANCE WITH, AND INTERPRETED PURSUANT TO THE LAWS OF THE STATE OF TEXAS; PROVIDED THAT AGENT SHALL RETAIN ALL RIGHTS UNDER FEDERAL LAW. THIS GUARANTY HAS BEEN ENTERED INTO IN DALLAS COUNTY, TEXAS, AND IS PERFORMABLE FOR ALL PURPOSES IN DALLAS COUNTY, TEXAS. THE PARTIES HEREBY AGREE THAT ANY LAWSUIT, ACTION, OR PROCEEDING THAT IS BROUGHT (WHETHER IN CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO ANY OF THE LOAN DOCUMENTS, THE TRANSACTIONS CONTEMPLATED THEREBY, OR THE ACT, CONDUCT, OR OMISSION OF AGENT, LENDERS OR ANY OF THEIR RESPECTIVE AGENTS IN THE NEGOTIATION, ADMINISTRATION OR ENFORCEMENT OF ANY OF THE LOAN DOCUMENTS SHALL BE BROUGHT IN A STATE OR FEDERAL COURT OF COMPETENT JURISDICTION LOCATED IN DALLAS COUNTY, TEXAS. GUARANTOR HEREBY IRREVOCABLY AND UNCONDITIONALLY (A) SUBMITS TO THE EXCLUSIVE JURISDICTION OF SUCH COURTS, (B) WAIVES ANY OBJECTION IT MAY NOW OR HEREAFTER HAVE AS TO THE VENUE OF ANY SUCH LAWSUIT, ACTION, OR PROCEEDING BROUGHT IN ANY SUCH COURT,**

AND (C) FURTHER WAIVES ANY CLAIM THAT IT MAY NOW OR HEREAFTER HAVE THAT ANY SUCH COURT IS AN INCONVENIENT FORUM. EACH OF THE PARTIES HERETO AGREE THAT SERVICE OF PROCESS UPON IT MAY BE MADE BY CERTIFIED OR REGISTERED MAIL, RETURN RECEIPT REQUESTED AT THE ADDRESS FOR NOTICES REFERENCED IN *SECTION 19* HEREOF.

19. **Notices**. Whenever any notice is required or permitted to be given under the terms of this Guaranty, the same shall, except as otherwise expressly provided for in this Guaranty, be given in writing, and sent by: (a) certified mail, return receipt requested, postage pre-paid; (b) a national overnight delivery service; (c) hand delivery with written receipt acknowledged; or (d) facsimile, followed by a copy sent in accordance with *clause (b)* or *(c)* of this Section sent the same day as the facsimile, in each case to the address or facsimile number (together with a contemporaneous copy to each copied addressee), as applicable, in the case of Guarantor, set forth on the signature page to this Guaranty, and in the case of Agent, set forth in the Loan Agreement. Agent and Guarantor shall not conduct communications contemplated by this Guaranty by electronic mail or other electronic means, except by facsimile transmission as expressly provided in this Section, and the use of the phrase "*in writing*" or the word "*written*" shall not be construed to include electronic communications except by facsimile transmissions as expressly provided in this Section. Any notice required or given hereunder shall be deemed received the same Business Day if sent by hand delivery or facsimile, the next Business Day if sent by overnight courier, or 3 Business Days after posting if sent by certified mail, return receipt requested; *provided that* any notice received after 5:00 p.m. Dallas, Texas time on any Business Day or received on any day that is not a Business Day shall be deemed to have been received on the following Business Day.

20. **Amendments; Counterparts**. This Guaranty may be amended only by an instrument in writing executed by Guarantor and Agent. This Guaranty may be executed in multiple counterparts, each of which, for all purposes, shall be deemed an original, and all of which taken together shall constitute but one and the same instrument.

21. **Joint and Several Liability**. The promises and agreements herein shall be construed to be and are hereby declared to be the joint and several promises and agreements of each Guarantor and shall constitute the joint and several obligations of each Guarantor and shall be fully binding upon and enforceable against each Guarantor. Neither the death nor release of any Person or party to this Guaranty shall affect or release the joint and several liability of any other Person or party. Agent may at its option enforce this Guaranty against one or any Guarantor, and Agent shall not be required to resort to enforcement against each Guarantor, and the failure to proceed against or join any Guarantor shall not affect the joint and several liability of any other Guarantor.

22. **Keepwell**. Each Qualified ECP Guarantor hereby jointly and severally, absolutely, unconditionally and irrevocably undertakes to provide such funds or other support as may be needed from time to time by each Guarantor to honor all of its obligations under this Guaranty in respect of Swap Obligations (if any) under any Secured Rate Contract (provided, however, that each Qualified ECP Guarantor shall only be liable under this Section for the maximum amount of such liability that can be hereby incurred without rendering its obligations under this Section, or otherwise under this Guaranty, voidable under applicable law relating to

fraudulent conveyance or fraudulent transfer, and not for any greater amount). The obligations of each Qualified ECP Guarantor under this Section shall remain in full force and effect as long as this Guaranty remains in effect. Each Qualified ECP Guarantor intends that this Section constitute, and this Section shall be deemed to constitute, a "keepwell, support, or other agreement" for the benefit of each Guarantor for all purposes of Section 1a(18)(A)(v)(II) of the Commodity Exchange Act.

23. **Waiver of Consequential, Punitive and Speculative Damages**. Neither Agent, nor any Lenders, nor any of their respective Affiliates, officers, directors, employees, attorneys, or agents, shall have any liability with respect to any claim for any special, indirect, incidental, or consequential damages (including any claim for loss of profits, revenue or business) suffered or incurred by Borrower or Guarantor or any other Loan Party however caused and based on any theory of liability arising out of, or in any way related to, this Guaranty or any of the other Loan Documents, or any of the transactions contemplated by this Guaranty or any of the other Loan Documents, or the conduct, acts, or omissions of Agent, Lenders or any of their agents in the negotiation, administration, or enforcement thereof. **GUARANTOR HEREBY WAIVES, RELEASES, AND AGREES NOT TO SUE AGENT, LENDERS OR ANY OF THEIR RESPECTIVE AFFILIATES, OFFICERS, DIRECTORS, EMPLOYEES, ATTORNEYS, OR AGENTS FOR PUNITIVE DAMAGES IN RESPECT OF ANY CLAIM IN CONNECTION WITH, ARISING OUT OF, OR IN ANY WAY RELATED TO, THIS GUARANTY OR ANY OF THE OTHER LOAN DOCUMENTS, OR ANY OF THE TRANSACTIONS CONTEMPLATED BY THIS GUARANTY OR ANY OF THE OTHER LOAN DOCUMENTS, OR THE CONDUCT, ACTS OR OMISSIONS OF AGENT, LENDERS OR ANY OF THEIR RESPECTIVE AGENTS IN THE NEGOTIATION, ADMINISTRATION, OR ENFORCEMENT OF THIS GUARANTY OR ANY OF THE LOAN DOCUMENTS.**

24. **WAIVER OF JURY TRIAL. THE PARTIES ACKNOWLEDGE THAT THE RIGHT TO A TRIAL BY JURY IS A CONSTITUTIONAL ONE, BUT THAT SUCH RIGHT MAY BE WAIVED. AGENT AND GUARANTOR AFTER CONSULTING (OR HAVING THE OPPORTUNITY TO CONSULT) WITH COUNSEL OF THEIR CHOICE, HEREBY KNOWINGLY, VOLUNTARILY, IRREVOCABLY AND EXPRESSLY WAIVE TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW ALL RIGHT TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM (WHETHER BASED UPON CONTRACT, TORT, OR OTHERWISE) ARISING OUT OF OR RELATING IN ANY WAY TO ANY OF THE LOAN DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED THEREBY OR THE CONDUCT, ACTS OR OMISSIONS OF AGENT OR LENDERS OR BORROWER OR GUARANTOR OR ANY OF THE OTHER LOAN PARTIES OR ANY OF THEIR AGENTS IN THE NEGOTIATION, ADMINISTRATION, OR ENFORCEMENT THEREOF. EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE**

BEEN INDUCED TO ENTER INTO THE LOAN DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

25. **Final Agreement. THIS GUARANTY REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS BY THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.**

[Remainder of Page Intentionally Left Blank - Signature Page Follows]

EXECUTED to be effective as of the date first above written.

GUARANTOR:

STRATUS PROPERTIES INC.,
a Delaware corporation

By: /s/ Erin D. Pickens
Erin D. Pickens,
Senior Vice President

STATE OF TEXAS §
§
COUNTY OF TRAVIS §

The foregoing instrument was acknowledged before me this 20th day of May, 2021, by Erin D. Pickens, Senior Vice President of Stratus Properties Inc., a Delaware corporation, on behalf of said entity, who is personally known to me, and did take an oath.

/s/ Connie J. Carley
Notary Public in and for the State of Texas

[SEAL]

Printed Name: Connie J. Carley
My Commission Expires: 1-22-2023

Severance and Change of Control Agreement

This Severance and Change of Control Agreement (the "Agreement") between Stratus Properties Inc., a Delaware corporation, and William H. Armstrong III (the "Executive") is dated effective as of April 1, 2022 (the "Agreement Date").

ARTICLE I
Definitions

1.1 Board. "Board" shall mean the Board of Directors of the Company.

1.2 Cause. "Cause" shall mean:

(a) The Executive's willful and continued failure to perform substantially the Executive's duties with the Company or its Affiliates (other than any such failure resulting from incapacity due to physical or mental illness), after a written demand for substantial performance is delivered to the Executive by the Board, which specifically identifies the manner in which the Board believes that the Executive has not substantially performed the Executive's duties;

(b) The willful engaging by the Executive in conduct that is demonstrably and materially injurious to the Company or any of its Affiliates, monetarily or otherwise; or

(c) The final conviction of the Executive or an entering of a guilty plea or a plea of no contest by the Executive to a felony.

For purposes of this provision, no act or failure to act, on the part of the Executive, will be considered "willful" unless it is done, or omitted to be done, by the Executive in bad faith or without a reasonable belief that the act or omission was in the best interest of the Company or its Affiliates. Any act, or failure to act, based on authority given pursuant to a resolution duly adopted by the Board or the advice of counsel to the Company or its Affiliates will be conclusively presumed to be done, or omitted to be done, by the Executive in good faith and in the best interests of the Company or its Affiliates. The termination of employment of the Executive will not be deemed to be for Cause unless and until there has been delivered to the Executive a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters of the entire membership of the Board at a meeting of the Board called and held for such purpose (after reasonable notice is provided to the Executive and the Executive is given an opportunity, together with counsel, to be heard before the Board), finding that, in the good faith opinion of the Board, the Executive has engaged in the conduct described in subparagraph (a), (b) or (c) above, and specifying the particulars of such conduct.

1.3 Change of Control. (a) "Change of Control" means (capitalized terms not otherwise defined will have the meanings ascribed to them in paragraph (b) below):

(i) the acquisition by any Person together with all Affiliates of such Person, of Beneficial Ownership of the Threshold Percentage or more; provided, however, that for purposes of this Section 1.3(a)(i), the following will not constitute a Change of Control:

(A) any acquisition (other than a "Business Combination," as defined below, that constitutes a Change of Control under Section 1.3(a)(iii) hereof) of Common Stock directly from the Company,

(B) any acquisition of Common Stock by the Company or its subsidiaries,

(C) any acquisition of Common Stock by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation or other entity controlled by the Company, or

(D) any acquisition of Common Stock pursuant to a Business Combination that does not constitute a Change of Control under Section 1.3(a)(iii) hereof; or

(ii) individuals who, as of the Agreement Date, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the Agreement Date whose election, or nomination for election by the Company's stockholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board will be considered a member of the Incumbent Board, unless such individual's initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or any other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Incumbent Board; or

(iii) the consummation of a reorganization, merger or consolidation (including a merger or consolidation of the Company or any direct or indirect subsidiary of the Company), or sale or other disposition of all or substantially all of the assets of the Company (a "Business Combination"), in each case, unless, immediately following such Business Combination:

(A) the individuals and entities who were the Beneficial Owners of the Company Voting Stock immediately prior to such Business Combination have direct or indirect Beneficial Ownership of more than 50% of the then outstanding shares of Common Stock, and more than 50% of the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors of the Company, and

(B) no Person together with all Affiliates of such Person (excluding the Company and any employee benefit plan or related trust of the Company or any of its subsidiaries) Beneficially Owns 30% or more of the then outstanding shares of Common Stock or 30% or more of the combined voting power of the then outstanding voting securities of the Company, and

(C) at least a majority of the members of the board of directors of the Company were members of the Incumbent Board at the time of the execution of the initial agreement, and of the action of the Board, providing for such Business Combination; or

(iv) approval by the stockholders of the Company of a complete liquidation or dissolution of the Company.

(b) As used in this Section 1.3 and elsewhere in this Agreement, the following terms have the meanings indicated:

(i) Affiliate: "Affiliate" means a Person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, another specified Person.

(ii) Beneficial Owner: "Beneficial Owner" (and variants thereof), with respect to a security, means a Person who, directly or indirectly (through any contract, understanding, relationship or otherwise), has or shares (A) the power to vote, or direct the voting of, the security, and/or (B) the power to dispose of, or to direct the disposition of, the security.

(iii) Company Voting Stock: "Company Voting Stock" means any capital stock of the Company that is then entitled to vote for the election of directors.

(iv) Majority Shares: "Majority Shares" means the number of shares of Company Voting Stock that could elect a majority of the directors of the Company if all directors were to be elected at a single meeting.

(v) Person: "Person" means a natural person or entity, and will also mean the group or syndicate created when two or more Persons act as a syndicate or other group (including without limitation a partnership, limited partnership, joint venture or other joint undertaking) for the purpose of acquiring, holding, or disposing of a security, except that "Person" will not include an underwriter temporarily holding a security pursuant to an offering of the security.

(vi) Post-Transaction Corporation: Unless a Change of Control includes a Business Combination, "Post-Transaction Corporation" means the Company after the Change of Control. If a Change of Control includes a Business Combination, "Post-Transaction Corporation" will mean the corporation or other entity resulting from the Business Combination unless, as a result of such Business Combination, an ultimate parent entity controls the Company or all or substantially all of the Company's assets either directly or indirectly, in which case, "Post-Transaction Corporation" will mean such ultimate parent entity.

(vii) Threshold Percentage: "Threshold Percentage" means 30% of all then outstanding Company Voting Stock.

1.4 Code. "Code" shall mean the Internal Revenue Code of 1986, as amended from time to time.

1.5 Common Stock: "Common Stock" shall mean the common stock, $0.01 par value per share, of the Company.

1.6 Company. As used in this Agreement, "Company" shall mean the Company as defined above and any successor to or assignee of (whether direct or indirect, by purchase, merger, consolidation or otherwise) all or substantially all of the assets of the Company. Following a Change of Control, "Company" shall refer to the Post-Transaction Corporation.

1.7 Disability. "Disability" shall mean:

(a) A disability entitling the Executive to receive benefits under a long-term disability insurance policy maintained by the Company or an Affiliate in effect at the time either because he is totally disabled or partially disabled, as such terms are defined in such policy in effect as of the Agreement Date or as similar terms are defined in any successor policy.

(b) If there is no long-term disability plan in effect covering the Executive, and if (i) a physical or mental illness renders the Executive incapable of satisfactorily discharging his duties and responsibilities to the Company or an Affiliate for a period of 90 consecutive days, and (ii) such incapacity is certified in writing by a duly qualified physician chosen by the Company or an Affiliate and reasonably acceptable to the Executive or his legal representatives, then the Board will have the power to determine that the Executive has become disabled. If the Board makes such a determination, the Company or its Affiliate will have the continuing right and option, during the period that such disability continues, and by notice given in the manner provided in this Agreement, to terminate the status of the Executive as an officer and employee. Any such termination will become effective 60 days after such notice of termination is given, unless within such 60-day period, the Executive becomes capable of rendering services of the character contemplated hereby (and a physician chosen by the Company or an Affiliate and reasonably acceptable to the Executive or his legal representatives so certifies in writing) and the Executive in fact resumes such services.

(c) The "Disability Effective Date" will mean the date on which termination of the Executive's status as an officer and employee becomes effective due to Disability.

1.8 Good Reason. "Good Reason" shall mean:

(a) Any material breach by the Company of any of the provisions of this Agreement; or

(b) The assignment to the Executive of any duties inconsistent in any material respect with Executive's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities as of the Agreement Date, or any other action that results in a material diminution in such position, authority, duties or responsibilities; provided that prior to a Change of Control the Company ceasing to have a class of common equity securities registered pursuant to the Securities Exchange Act of 1934, as amended, shall not constitute "Good Reason."

(c) Following a Change of Control, as defined in Section 1.3 hereof, "Good Reason" will also include:

(i) Any failure of the Company to provide the Executive with the position, authority, duties and responsibilities at least commensurate in all material respects with the most significant of those held, exercised and assigned at any time during the 120-day period immediately preceding the Change of Control. For the avoidance of doubt, Executive's position, authority, duties and responsibilities after a Change of Control shall not be considered commensurate in all material respects with Executive's position, authority, duties and responsibilities prior to a Change of Control unless after the Change of Control the Executive

holds an equivalent position in the Company and the Company has a class of common equity securities registered pursuant to the Securities Exchange Act of 1934, as amended, if such was the case prior to the Change of Control;

(ii) The Company requiring the Executive to be based at any office or location more than 35 miles from the office or location where Executive was employed immediately preceding the Change of Control, or requiring the Executive to travel on business to a substantially greater extent than required immediately prior to a Change of Control; or

(iii) Any failure by the Company to comply with and satisfy Sections 4.1(c) and (d) of this Agreement.

Notwithstanding the foregoing, the Executive shall not have the right to terminate the Executive's employment hereunder for Good Reason unless (1) within 30 days of the initial existence of the condition or conditions giving rise to such right the Executive provides written notice to the Company of the existence of such condition or conditions, and (2) the Company fails to remedy such condition or conditions within 30 days following the receipt of such written notice (the "Cure Period"). If any such condition is not remedied within the Cure Period, the Executive must terminate the Executive's employment with the Company within a reasonable period of time, not to exceed 30 days, following the end of the Cure Period.

1.9 Section 409A. "Section 409A" shall mean Section 409A of the Code and the regulations and guidance issued thereunder.

1.10 Termination Date. "Termination Date" shall mean, if the Executive's status as an officer and employee is terminated (i) by reason of the Executive's death, the date of the Executive's death, (ii) by reason of Disability, the Disability Effective Date, (iii) by the Company other than by reason of death or Disability, the date of delivery of the notice of termination or any later date specified in the notice of termination, which date will not be more than 30 days after the giving of the notice, or (iv) by the Executive other than by reason of death, the date of delivery of the notice of termination or any later date specified in the notice of termination, which date will not be more than 30 days after the giving of the notice.

ARTICLE II
Severance and Change of Control Benefits

2.1 Term and Capacity after Change of Control.

(a) This Agreement shall commence on the Agreement Date and continue in effect through March 31, 2025 (the "Initial Term"). If the Executive continues to serve as an officer of the Company and a Change of Control occurs during the Initial Term, then the Executive's employment term (the "Employment Term") shall continue through the third anniversary of the Change of Control, subject to any earlier termination of the Executive's employment pursuant to this Agreement.

(b) After a Change of Control and during the Employment Term, (i) the Executive's position (including status, offices, titles and reporting requirements), authority, duties and responsibilities shall be at least commensurate in all material respects with the most

significant of those held, exercised and assigned at any time during the 120-day period immediately preceding the Change of Control and (ii) the Executive's services shall be performed at the location where the Executive was employed immediately preceding the Change of Control or any office or location less than 35 miles from such location. The Executive's position, authority, duties and responsibilities after a Change of Control shall not be considered commensurate in all material respects with the Executive's position, authority, duties and responsibilities prior to a Change of Control unless after the Change of Control the Executive holds an equivalent position in the Company.

2.2 Compensation and Benefits. During the Employment Term, the Executive shall be entitled to the following compensation and benefits:

(a) Salary. An annual salary ("Base Salary") at the highest rate in effect for the Executive at any time during the 120-day period immediately preceding the Change of Control, payable to the Executive at such intervals no less frequent than the most frequent intervals in effect at any time during the 120-day period immediately preceding the Change of Control or, if more favorable to the Executive, the intervals in effect at any time after the Change of Control for other most senior executives of the Company and its Affiliates.

(b) Bonus. The Executive shall be entitled to participate in an annual incentive bonus program applicable to other most senior executives of the Company and its Affiliates but in no event shall such program provide the Executive with incentive opportunities less favorable than the most favorable of those provided by the Company and its Affiliates for the Executive under the Company's annual cash plan as in effect for the Executive at any time during the 120-day period immediately preceding the Change of Control or, if more favorable to the Executive, those provided generally at any time after the Change of Control to other most senior executives of the Company and its Affiliates. Any such bonus shall be paid in cash no later than two and a half months following the close of the fiscal year for which it is earned.

(c) Fringe Benefits. The Executive shall be entitled to fringe benefits (including, but not limited to, automobile allowance, air travel, and reimbursement for club membership dues) in accordance with the most favorable agreements, plans, practices, programs and policies of the Company and its Affiliates in effect for the Executive at any time during the 120-day period immediately preceding the Change of Control or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other most senior executives of the Company and its Affiliates.

(d) Expenses. The Executive shall be entitled to receive prompt reimbursement for all reasonable business expenses (including food and lodging) incurred by the Executive in accordance with the most favorable agreements, policies, practices and procedures of the Company and its Affiliates in effect for the Executive at any time during the 120-day period immediately preceding the Change of Control or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other most senior executives of the Company and its Affiliates.

(e) Incentive, Savings and Retirement Plans. The Executive shall be entitled to participate in all incentive, savings and retirement plans, practices, policies and programs

applicable generally to other most senior executives of the Company and its Affiliates, but in no event shall such plans, practices, policies and programs provide the Executive with incentive opportunities (measured with respect to both regular and special incentive opportunities, to the extent, if any, that such distinction is applicable), savings opportunities and retirement benefit opportunities, in each case, less favorable than the most favorable of those provided by the Company and its Affiliates for the Executive under any agreements, plans, practices, policies and programs as in effect at any time during the 120-day period immediately preceding the Change of Control.

(f) Welfare Benefit Plans. The Executive and the Executive's family shall be eligible for participation in and shall receive all benefits under welfare benefit plans, practices, policies and programs provided by the Company and its Affiliates (including, without limitation, medical, prescription, dental, disability, employee life, group life, accidental death and travel accident insurance plans and programs) to the extent applicable generally to other most senior executives of the Company and its Affiliates, but in no event shall such plans, practices, policies and programs provide the Executive with benefits, in each case, less favorable than the most favorable of any agreements, plans, practices, policies and programs of the Company and its Affiliates in effect for the Executive at any time during the 120-day period immediately preceding the Change of Control.

(g) Indemnification and Insurance. The Company shall indemnify the Executive, to the fullest extent permitted by applicable law, for any and all claims brought against him arising out his services during or prior to the Employment Term. In addition, the Company shall maintain a directors' and officers' insurance policy covering the Executive substantially in the form of the policy maintained by the Company and its Affiliates at any time during the 120-day period immediately preceding the Change of Control or, if more favorable to the Executive, as provided generally at any time thereafter with respect to other most senior executives of the Company and its Affiliates.

(h) Office and Support Staff. The Executive shall be entitled to an office or offices of a size and with furnishings and other appointments, and to exclusive personal secretarial and other assistance, at least equal to the most favorable of the foregoing provided to the Executive by the Company and its Affiliates at any time during the 120-day period immediately preceding the Change of Control or, if more favorable to the Executive, as provided generally at any time thereafter with respect to other most senior executives of the Company and its Affiliates.

(i) Vacation. The Executive shall be entitled to paid vacation in accordance with the most favorable agreements, plans, policies, programs and practices of the Company and its Affiliates as in effect for the Executive at any time during the 120-day period immediately preceding the Change of Control or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other most senior executives of the Company and its Affiliates.

2.3 Obligations upon Termination prior to a Change of Control.

(a) Termination by the Company without Cause or by the Executive for Good Reason. If during the Initial Term, and prior to a Change of Control, the Company terminates the Executive's employment without Cause, or the Executive terminates his employment for Good Reason, then, subject to Section 2.6 and, if applicable, the six-month delay set forth in Section 2.10:

(i) The Company will pay to the Executive the Executive's Base Salary earned through the Termination Date to the extent not previously paid (the "Accrued Salary");

(ii) The Company will pay to the Executive in a lump sum in cash an amount equal to the sum of (A) a pro rata bonus in an amount determined by (1) calculating the average of the annual bonus received by the Executive for the three most recently completed fiscal years prior to the Termination Date, then (2) multiplying such bonus amount by the fraction obtained by dividing the number of days in the year through the Termination Date by 365 (the "Pro Rata Bonus"), and (B) an amount equal to the sum of (x) the Executive's Base Salary in effect at the Termination Date and (y) the average annual bonus awarded to the Executive for the three fiscal years immediately preceding the Termination Date (excluding any payments for long-term incentives);

(iii) For the period commencing on the Termination Date and ending on the earlier of (A) December 31st of the first calendar year following the calendar year in which the Termination Date occurs, or (B) the date that the Executive accepts new employment (the "Continuation Period"), the Company will at its expense provide, either as part of a group policy or as such policy may be converted to an individual policy, health, dental, vision and life insurance (the "benefit plans") in which the Executive was entitled to participate as an employee as of the Termination Date; provided that the Executive's continued participation is possible under the general terms and provisions of each such plan and all applicable laws. If the Executive is a "specified employee" governed by Section 2.10 hereof, to the extent that any benefits provided to the Executive under this Section 2.3(a)(iii) are taxable to the Executive, then, with the exception of nontaxable medical insurance benefits, the value of the aggregate amount of such taxable benefits provided to the Executive pursuant to this Section 2.3(a)(iii) during the six month period following the Termination Date shall be limited to the amount specified by Section 402(g)(1)(B) of Code for the year in which the termination occurred. The Executive shall pay the cost of any benefits that exceed the amount specified in the previous sentence during the six-month period following the date of termination, and shall be reimbursed in full by the Company during the seventh month after the Termination Date. The coverage and benefits (including deductibles and costs) provided under any such benefit plan in accordance with this paragraph during the Continuation Period will be no less favorable to the Executive than the most favorable of such coverages and benefits provided to active employees of the Company during the Continuation Period. If the Executive's participation in any such benefit plan is barred or any such benefit plan is terminated, the Company will use its best efforts to provide the Executive with benefits substantially similar or comparable in value to those the Executive would otherwise have been entitled to receive under such plans. At the end of the

Continuation Period, the Executive will have the option to have assigned to him, at no cost and with no apportionment of prepaid premiums, any assignable insurance owned by the Company that relates specifically to the Executive. To the maximum extent permitted by law, the Executive will be eligible for medical coverage under COBRA. Notwithstanding the above, if the payment of health insurance premiums for the Executive is not permitted by the Patient Protection and Affordable Care Act, then in lieu of the health benefits provided for herein, the lump sum cash payment described in Section 2.3(a)(ii) will by increased by an amount equal to the first monthly COBRA premium multiplied by the maximum number of months in the Continuation Period;

(iv) All benefits that the Executive is entitled to receive pursuant to benefit plans maintained by the Company under which benefits are calculated based upon years of service or age will be calculated by treating the Executive as having attained two additional years of age and as having provided two additional years of service as of the Termination Date; and

(v) The Company will pay or deliver, as appropriate, all other benefits earned by the Executive or accrued for his benefit pursuant to any employee benefit plans maintained by the Company with respect to services rendered by the Executive prior to the Termination Date.

(b) Termination for Other Reasons. If during the Initial Term and prior to a Change of Control, the Executive's employment is terminated by the Company for Cause, by the Executive without Good Reason, or for any other reason (other than as set forth in Section 2.3(a)), the Company will pay to the Executive the Accrued Salary without further obligation to the Executive other than for obligations by law and obligations for any benefits earned by the Executive or accrued for his benefit pursuant to any employee benefit plans maintained by the Company with respect to services rendered by the Executive prior to the Termination Date.

2.4 Obligations upon Termination after a Change of Control.

(a) Termination as a Result of Death, Disability or Retirement. If, after a Change of Control and during the Employment Term, (1) the Executive's employment is terminated by reason of the Executive's death, (2) the Company terminates the Executive's employment by reason of the Executive's Disability, or (3) the Executive retires and terminates his employment, then, subject to Section 2.6 and, if applicable, the six-month delay set forth in Section 2.10:

(i) The Company or an Affiliate will pay to the Executive or his legal representatives the Executive's Accrued Salary;

(ii) The Company or an Affiliate will pay to the Executive or his legal representatives the Pro Rata Bonus; and

(iii) The Company or an Affiliate will pay or deliver, as appropriate, all other benefits earned by the Executive or accrued for his benefit pursuant to any employee benefit plans maintained by the Company or its Affiliates with respect to services rendered by the Executive prior to the Termination Date.

(b) Termination by the Company for Cause; by the Executive for other than Good Reason. If, after a Change of Control and during the Employment Term, the Executive's employment is terminated by the Company or an Affiliate for Cause, or by the Executive for other than Good Reason, the Company or Affiliate will pay to the Executive the Accrued Salary without further obligation to the Executive other than for obligations by law and obligations for any benefits earned by the Executive or accrued for his benefit pursuant to any employee benefit plans maintained by the Company or Affiliate with respect to services rendered by the Executive prior to the Termination Date.

(c) Termination by the Company for Reasons other than Death, Disability or Cause; by the Executive for Good Reason. If, after a Change of Control and during the Employment Term, (1) the Company or an Affiliate terminates the Executive's employment other than for Cause, death or Disability, or (2) the Executive terminates his employment for Good Reason, then, subject to Section 2.6, and, if applicable, the six-month delay set forth in Section 2.10:

(i) The Company or an Affiliate will pay to the Executive the Accrued Salary;

(ii) The Company or an Affiliate will pay to the Executive in a lump sum in cash (A) the Pro Rata Bonus, and (B) an amount equal to 2.99 times the sum of (x) the Executive's Base Salary in effect at the Termination Date and (y) the highest annual bonus awarded to the Executive for the three fiscal years immediately preceding the Termination Date (excluding any payments for long-term incentives);

(iii) For the Continuation Period, the Company or its Affiliate will at its expense provide, either as part of a group policy or as such policy may be converted to an individual policy, health, dental, vision and life insurance (the "benefit plans") in which the Executive was entitled to participate as an employee as of the Termination Date; provided that the Executive's continued participation is possible under the general terms and provisions of each such plan and all applicable laws. If the Executive is a "specified employee" governed by Section 2.10 hereof, to the extent that any benefits provided to the Executive under this Section 2.4(c)(iii) are taxable to the Executive, then, with the exception of nontaxable medical insurance benefits, the value of the aggregate amount of such taxable benefits provided to the Executive pursuant to this Section 2.4(c)(iii) during the six month period following the Termination Date shall be limited to the amount specified by Section 402(g)(1)(B) of Code for the year in which the termination occurred. The Executive shall pay the cost of any benefits that exceed the amount specified in the previous sentence during the six-month period following the date of termination, and shall be reimbursed in full by the Company during the seventh month after the Termination Date. The coverage and benefits (including deductibles and costs) provided under any such benefit plan in accordance with this paragraph during the Continuation Period will be no less favorable to the Executive than the most favorable of such coverages and benefits provided to active employees of the Company or its Affiliate during the Continuation Period. If the Executive's participation in any such benefit plan is barred or any such benefit plan is terminated, the Company or its Affiliate will use its best efforts to provide the Executive with benefits substantially similar or comparable in value to those the Executive would otherwise

have been entitled to receive under such plans. At the end of the Continuation Period, the Executive will have the option to have assigned to him, at no cost and with no apportionment of prepaid premiums, any assignable insurance owned by the Company or its Affiliate that relates specifically to the Executive. To the maximum extent permitted by law, the Executive will be eligible for medical coverage under COBRA. Notwithstanding the above, if the payment of health insurance premiums for the Executive is not permitted by the Patient Protection and Affordable Care Act, then in lieu of the health benefits provided for herein, the lump sum cash payment described in Section 2.4(c)(ii) will by increased by an amount equal to the first monthly COBRA premium multiplied by the maximum number of months in the Continuation Period;

(iv) All benefits that the Executive is entitled to receive pursuant to benefit plans maintained by the Company or an Affiliate under which benefits are calculated based upon years of service or age will be calculated by treating the Executive as having attained two additional years of age and as having provided two additional years of service as of the Termination Date; and

(v) The Company or an Affiliate will pay or deliver, as appropriate, all other benefits earned by the Executive or accrued for his benefit pursuant to any employee benefit plans maintained by the Company or Affiliate with respect to services rendered by the Executive prior to the Termination Date.

2.5 Nondisclosure and Proprietary Rights. The rights and obligations of the Company and the Executive contained in Article III hereof will continue to apply notwithstanding a termination triggering obligations of the Company pursuant to Section 2.3 or 2.4.

2.6 Most Favorable Benefits. It is the intention of the parties that the terms of this Agreement provide payments and benefits to the Executive that are equivalent or more beneficial to the Executive than are otherwise available to the Executive under the terms of any applicable benefit plan or related compensation agreement. To that end, the terms of the Agreement shall govern the payments and benefits to which the Executive shall be entitled upon the termination of the Executive's employment as provided herein, except that if the terms of any applicable benefit plan or related compensation agreement provide more favorable benefits to the Executive than are provided hereunder, the terms of such plan or agreement shall control.

2.7 Excise Tax Provision.

(a) Notwithstanding any other provisions of this Agreement, if a Change of Control occurs during the original or extended term of this Agreement, in the event that any payment or benefit received or to be received by the Executive in connection with the Change of Control of the Company or the termination of the Executive's employment under this Agreement or any other agreement between the Company and the Executive (all such payments and benefits, including the payments and benefits under Section 2.4(c) hereof, being hereinafter called "Total Payments") would be subject (in whole or in part), to an excise tax imposed by section 4999 of the Code (the "Excise Tax"), then the cash payments under Section 2.4(c) hereof shall first be reduced, and the noncash payments and benefits under the other sections hereof shall thereafter be reduced, to the extent necessary so that no portion of the Total Payments is subject to the

Excise Tax but only if (A) the net amount of such Total Payments, as so reduced (and after subtracting the net amount of federal, state and local income and employment taxes on such reduced Total Payments) is greater than or equal to (B) the net amount of such Total Payments without such reduction (but after subtracting the net amount of federal, state and local income and employment taxes on such Total Payments and the amount of Excise Tax to which the Executive would be subject in respect of such unreduced Total Payments); provided, however, that the Executive may elect to have the noncash payments and benefits hereof reduced (or eliminated) prior to any reduction of the cash payments under Section 2.4(c) hereof.

(b) For purposes of determining whether and the extent to which the Total Payments will be subject to the Excise Tax, (i) no portion of the Total Payments the receipt or enjoyment of which the Executive shall have waived at such time and in such manner as not to constitute a "payment" within the meaning of section 280G(b) of the Code shall be taken into account, (ii) no portion of the Total Payments shall be taken into account which, in the opinion of tax counsel ("Tax Counsel") reasonably acceptable to the Executive and selected by the accounting firm (the "Auditor") which was, immediately prior to a Change of Control or other event giving rise to a potential Excise Tax, the Company's independent auditor, does not constitute a "parachute payment" within the meaning of section 280G(b)(2) of the Code (including by reason of section 280G(b)(4)(A) of the Code) and, in calculating the Excise Tax, no portion of such Total Payments shall be taken into account which, in the opinion of Tax Counsel, constitutes reasonable compensation for services actually rendered, within the meaning of section 280G(b)(4)(B) of the Code, in excess of the "Base Amount" (within the meaning set forth in section 280G(b)(3) of the Code) allocable to such reasonable compensation, and (iii) the value of any non-cash benefit or any deferred payment or benefit included in the Total Payments shall be determined by the Auditor in accordance with the principles of sections 280G(d)(3) and (4) of the Code.

(c) At the time that payments are made under this Agreement, the Company shall provide the Executive with a written statement setting forth the manner in which such payments were calculated and the basis for such calculations including, without limitation, any opinions or other advice the Company has received from Tax Counsel, the Auditor or other advisors or consultants (and any such opinions or advice which are in writing shall be attached to the statement).

2.8 Incentive Awards. The foregoing benefits are intended to be in addition to the value of any other equity or incentive awards that may be due or that will remain outstanding pursuant to the their terms in connection with a termination of employment, including but not limited to, equity-based incentive awards such as options to acquire Common Stock and restricted stock units granted under the Company's stock incentive plans, participation interests under the Company's Profit Participation Incentive Plan, and any other incentive or similar plan heretofore or hereafter adopted by the Company.

2.9 Resignation from Board of Directors. If the Executive is a director of the Company and his employment is terminated for any reason other than death, the Executive will, if requested by the Company, immediately resign as a director of the Company and its Affiliates. If such resignation is not received within 20 business days after the Executive actually receives

written notice from the Company requesting the resignation, the Executive will forfeit any right to receive any payments pursuant to this Agreement.

2.10 Legal Fees. The Company agrees to pay as incurred all legal fees and expenses that the Executive may reasonably incur as a result of any contest (regardless of the outcome thereof) by the Company, the Executive or others of the validity or enforceability of, or liability under, any provision of this Agreement (including as a result of any contest by the Executive about the amount or timing of any payment pursuant to this Agreement).

2.11 Section 409A of the Internal Revenue Code.

(a) This Agreement is intended to comply with Section 409A or an exemption thereunder and shall be construed and administered in accordance with Section 409A. Notwithstanding any other provision of this Agreement, payments provided under this Agreement may only be made upon an event and in a manner that complies with Section 409A or an applicable exemption. Any payments under this Agreement that may be excluded from Section 409A as separation pay due to an involuntary separation from service, as a short-term deferral, or under any other provision of Section 409A, shall be excluded from Section 409A to the maximum extent possible. For purposes of Section 409A, each installment payment provided under this Agreement shall be treated as a separate payment. Any payments to be made under this Agreement upon a termination of employment shall only be made upon a "separation from service" under Section 409A. Notwithstanding the foregoing, the Company makes no representations that the payments and benefits provided under this Agreement comply with Section 409A and in no event shall the Company be liable for all or any portion of any taxes, penalties, interest or other expenses that may be incurred by the Executive on account of non-compliance with Section 409A.

(b) Notwithstanding any other provision of this Agreement, if any payment or benefit provided to the Executive in connection with his termination of employment is determined to constitute "nonqualified deferred compensation" within the meaning of Section 409A and the Executive is determined to be a "specified employee" as defined in Section 409A(a)(2)(b)(i), then such payment or benefit shall not be paid until the first payroll date to occur following the six-month anniversary of the Termination Date or, if earlier, on the Executive's death (the "Specified Employee Payment Date") . The aggregate of any payments that would otherwise have been paid before the Specified Employee Payment Date shall be paid to the Executive in a lump sum on the Specified Employee Payment Date and thereafter, any remaining payments shall be paid without delay in accordance with their original schedule.

(c) No acceleration of payments and benefits provided for in this Agreement shall be permitted, except that the Company may accelerate payment, if permitted by Section 409A, as necessary to allow the Executive to pay FICA taxes on amounts payable hereunder and additional taxes resulting from the payment of such FICA amount, or as necessary to pay taxes and penalties arising as a result of the payments provided for in this Agreement failing to meet the requirements of Section 409A. In no event shall the Executive, directly or indirectly, designate the calendar year of payment.

(d) To the extent required by Section 409A, each reimbursement or in-kind benefit provided under this Agreement shall be provided in accordance with the following:

(i) the amount of expenses eligible for reimbursement, or in-kind benefits provided, during each calendar year cannot affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other calendar year;

(ii) any reimbursement of an eligible expense shall be paid to the Executive on or before the last day of the calendar year following the calendar year in which the expense was incurred; and

(iii) any right to reimbursements or in-kind benefits under this Agreement shall not be subject to liquidation or exchange for another benefit.

ARTICLE III
Nondisclosure and Proprietary Rights

3.1 Confidential Information. For purposes of this Agreement, the term "Confidential Information" means any information, knowledge or data of any nature and in any form (including information that is electronically transmitted or stored on any form of magnetic or electronic storage media) relating to the past, current or prospective business or operations of the Company and its Affiliates, that at the time or times concerned is not generally known to persons engaged in businesses similar to those conducted or contemplated by the Company and its Affiliates (other than information known by such persons through a violation of an obligation of confidentiality to the Company), whether produced by the Company and its Affiliates or any of their consultants, agents or independent contractors or by the Executive, and whether or not marked confidential, including without limitation information relating to the Company's or its Affiliates' products and services, business plans, business acquisitions, processes, product or service research and development ideas, methods or techniques, training methods and materials, and other operational methods or techniques, quality assurance procedures or standards, operating procedures, files, plans, specifications, proposals, drawings, charts, graphs, support data, trade secrets, supplier lists, supplier information, purchasing methods or practices, distribution and selling activities, consultants' reports, marketing and engineering or other technical studies, maintenance records, employment or personnel data, marketing data, strategies or techniques, financial reports, budgets, projections, cost analyses, price lists, formulae and analyses, employee lists, customer records, customer lists, customer source lists, proprietary computer software, and internal notes and memoranda relating to any of the foregoing.

3.2 Nondisclosure of Confidential Information. The Executive will hold in a fiduciary capacity for the benefit of the Company all Confidential Information obtained by the Executive during the Executive's employment (whether prior to or after the Agreement Date) and will use such Confidential Information solely within the scope of his employment with and for the exclusive benefit of the Company. For a period of five years after the Termination Date, the Executive agrees (a) not to communicate, divulge or make available to any person or entity (other than the Company) any such Confidential Information, except upon the prior written authorization of the Company or as may be required by law or legal process, and (b) to deliver promptly to the Company any Confidential Information in his possession, including any

duplicates thereof and any notes or other records the Executive has prepared with respect thereto. In the event that the provisions of any applicable law or the order of any court would require the Executive to disclose or otherwise make available any Confidential Information, the Executive will give the Company prompt prior written notice of such required disclosure and an opportunity to contest the requirement of such disclosure or apply for a protective order with respect to such Confidential Information by appropriate proceedings.

3.3 Injunctive Relief; Other Remedies. The Executive acknowledges that a breach by the Executive of Section 3.2 would cause immediate and irreparable harm to the Company for which an adequate monetary remedy does not exist; hence, the Executive agrees that, in the event of a breach or threatened breach by the Executive of the provisions of Section 3.2, the Company will be entitled to injunctive relief restraining the Executive from such violation without the necessity of proof of actual damage or the posting of any bond, except as required by non waivable, applicable law. Nothing herein, however, will be construed as prohibiting the Company from pursuing any other remedy at law or in equity to which the Company may be entitled under applicable law in the event of a breach or threatened breach of this Agreement by the Executive, including without limitation the recovery of damages and/or costs and expenses, such as reasonable attorneys' fees, incurred by the Company as a result of any such breach or threatened breach. In addition to the exercise of the foregoing remedies, the Company will have the right upon the occurrence of any such breach to offset the damages of such breach as determined by the Company, against any unpaid salary, bonus, commissions or reimbursements otherwise owed to the Executive. In particular, the Executive acknowledges that the payments provided under Article II are conditioned upon the Executive fulfilling the nondisclosure agreements contained in this Article III. If the Executive at any time materially breaches nondisclosure agreements contained in this Article III, then the Company may offset the damages of such breach, as determined solely by the Company, against payments otherwise due to the Executive under Article II or, at the Company's option, suspend payments otherwise due to the Executive under Article II during the period of such breach. The Executive acknowledges that any such offset or suspension of payments would be an exercise of the Company's right to offset or suspend its performance hereunder upon the Executive's breach of this Agreement; such offset or suspension of payments would not constitute, and shall not be characterized as, the imposition of liquidated damages.

3.4 Governing Law of this Article III; Consent to Jurisdiction. Any dispute regarding the reasonableness of the covenants and agreements set forth in this Article III or duration thereof, or the remedies available to the Company upon any breach of such covenants and agreements, will be governed by and interpreted in accordance with the laws of the State of the United States or other jurisdiction in which the alleged prohibited disclosure occurs, and, with respect to each such dispute, the Company and the Executive each hereby consent to the jurisdiction of the state and federal courts sitting in the relevant State (or, in the case of any jurisdiction outside the United States, the relevant courts of such jurisdiction) for resolution of such dispute, and agree that service of process may be made upon him or it in any legal proceeding relating to this Article III by any means allowed under the laws of such jurisdiction.

3.5 Executive's Understanding of this Article. The Executive hereby represents to the Company that he has read and understands, and agrees to be bound by, the terms of this

Article III. The Executive acknowledges that the duration of the covenants contained in Article III are the result of arm's length bargaining and are fair and reasonable in light of (a) the importance of the functions performed by the Executive and the length of time it would take the Company to find and train a suitable replacement, and (b) the Executive's level of control over and contact with the business and operations of the Company and its Affiliates in various jurisdictions where same are conducted. It is the desire and intent of the parties that the provisions of this Agreement be enforced to the fullest extent permitted under applicable law, whether now or hereafter in effect and, therefore, to the extent permitted by applicable law, the parties hereto waive any provision of applicable law that would render any provision of this Article III invalid or unenforceable.

ARTICLE IV
Miscellaneous

4.1 Binding Effect; Successors.

(a) This Agreement shall be binding upon and inure to the benefit of the Company and any of its successors or assigns.

(b) This Agreement is personal to the Executive and shall not be assignable by the Executive without the consent of the Company (there being no obligation to give such consent) other than such rights or benefits as are transferred by will or the laws of descent and distribution.

(c) The Company shall require any successor to or assignee of (whether direct or indirect, by purchase, merger, consolidation or otherwise) all or substantially all of the assets or businesses of the Company (i) to assume unconditionally and expressly this Agreement and (ii) to agree to perform or to cause to be performed all of the obligations under this Agreement in the same manner and to the same extent as would have been required of the Company had no assignment or succession occurred, such assumption to be set forth in a writing reasonably satisfactory to the Executive.

(d) The Company shall also require all entities that control or that after the transaction will control (directly or indirectly) the Company or any such successor or assignee to agree to cause to be performed all of the obligations under this Agreement, such agreement to be set forth in a writing reasonably satisfactory to the Executive.

4.2 Notices. All notices hereunder must be in writing and, unless otherwise specifically provided herein, will be deemed to have been given upon receipt of delivery by: (a) hand (against a receipt therefor), (b) certified or registered mail, postage prepaid, return receipt requested, (c) a nationally recognized overnight courier service (against a receipt therefor) or (d) telecopy transmission with confirmation of receipt. All such notices must be addressed as follows:

If to the Company, to:

Stratus Properties Inc.
212 Lavaca St.
Suite 300
Austin, Texas 78701
Attention: Chairman of Compensation Committee

If to the Executive, to:

[intentionally omitted]
[intentionally omitted]

or such other address as to which any party hereto may have notified the other in writing.

4.3 Governing Law. Except as provided in Article III hereof, this Agreement shall be construed and enforced in accordance with and governed by the internal laws of the State of Delaware without regard to principles of conflict of laws.

4.4 Withholding. The Executive agrees that the Company has the right to withhold, from the amounts payable pursuant to this Agreement, all amounts required to be withheld under applicable income and/or employment tax laws, or as otherwise stated in documents granting rights that are affected by this Agreement.

4.5 Amendment, Waiver. No provision of this Agreement may be modified, amended or waived except by an instrument in writing signed by both parties.

4.6 Severability. If any term or provision of this Agreement, or the application thereof to any person or circumstance, shall at any time or to any extent be invalid, illegal or unenforceable in any respect as written, the Executive and the Company intend for any court construing this Agreement to modify or limit such provision so as to render it valid and enforceable to the fullest extent allowed by law. Any such provision that is not susceptible of such reformation shall be ignored so as to not affect any other term or provision hereof, and the remainder of this Agreement, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid, illegal or unenforceable, shall not be affected thereby and each term and provision of this Agreement shall be valid and enforced to the fullest extent permitted by law.

4.7 Waiver of Breach. The waiver by either party of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach thereof.

4.8 Remedies Not Exclusive. No remedy specified herein shall be deemed to be such party's exclusive remedy, and accordingly, in addition to all of the rights and remedies provided for in this Agreement, the parties shall have all other rights and remedies provided to them by applicable law, rule or regulation.

4.9 Company's Reservation of Rights. The Executive acknowledges and understands that the Executive serves at the pleasure of the Board and that the Company has the right at any time to terminate the Executive's status as an employee of the Company or any of its Affiliates, or to change or diminish his status during the Employment Term, subject to the rights of the Executive to claim the benefits conferred by this Agreement.

4.10 Prior Change of Control Agreement. Effective as of the Agreement Date, this Agreement supersedes any prior change of control or nondisclosure agreement between the Executive and the Company.

4.11 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the Company and the Executive have caused this Agreement to be executed as of the Agreement Date.

Stratus Properties Inc.

By /s/ James E. Joseph
James E. Joseph
Director and Chairman of the
Compensation Committee of the
Board of Directors

Executive

/s/ William H. Armstrong III
William H. Armstrong III

Signature Page of Severance and Change of Control Agreement between Stratus Properties Inc. and William H. Armstrong III

Severance and Change of Control Agreement

This Severance and Change of Control Agreement (the "Agreement") between Stratus Properties Inc., a Delaware corporation, and Erin D. Pickens (the "Executive") is dated effective as of April 1, 2022 (the "Agreement Date").

ARTICLE I
Definitions

1.1 Board. "Board" shall mean the Board of Directors of the Company.

1.2 Cause. "Cause" shall mean:

(a) The Executive's willful and continued failure to perform substantially the Executive's duties with the Company or its Affiliates (other than any such failure resulting from incapacity due to physical or mental illness), after a written demand for substantial performance is delivered to the Executive by the Board, which specifically identifies the manner in which the Board believes that the Executive has not substantially performed the Executive's duties;

(b) The willful engaging by the Executive in conduct that is demonstrably and materially injurious to the Company or any of its Affiliates, monetarily or otherwise; or

(c) The final conviction of the Executive or an entering of a guilty plea or a plea of no contest by the Executive to a felony.

For purposes of this provision, no act or failure to act, on the part of the Executive, will be considered "willful" unless it is done, or omitted to be done, by the Executive in bad faith or without a reasonable belief that the act or omission was in the best interest of the Company or its Affiliates. Any act, or failure to act, based on authority given pursuant to a resolution duly adopted by the Board or the advice of counsel to the Company or its Affiliates will be conclusively presumed to be done, or omitted to be done, by the Executive in good faith and in the best interests of the Company or its Affiliates. The termination of employment of the Executive will not be deemed to be for Cause unless and until there has been delivered to the Executive a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters of the entire membership of the Board at a meeting of the Board called and held for such purpose (after reasonable notice is provided to the Executive and the Executive is given an opportunity, together with counsel, to be heard before the Board), finding that, in the good faith opinion of the Board, the Executive has engaged in the conduct described in subparagraph (a), (b) or (c) above, and specifying the particulars of such conduct.

1.3 Change of Control. (a) "Change of Control" means (capitalized terms not otherwise defined will have the meanings ascribed to them in paragraph (b) below):

(i) the acquisition by any Person together with all Affiliates of such Person, of Beneficial Ownership of the Threshold Percentage or more; provided, however, that for purposes of this Section 1.3(a)(i), the following will not constitute a Change of Control:

(A) any acquisition (other than a "Business Combination," as defined below, that constitutes a Change of Control under Section 1.3(a)(iii) hereof) of Common Stock directly from the Company,

(B) any acquisition of Common Stock by the Company or its subsidiaries,

(C) any acquisition of Common Stock by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation or other entity controlled by the Company, or

(D) any acquisition of Common Stock pursuant to a Business Combination that does not constitute a Change of Control under Section 1.3(a)(iii) hereof; or

(ii) individuals who, as of the Agreement Date, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the Agreement Date whose election, or nomination for election by the Company's stockholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board will be considered a member of the Incumbent Board, unless such individual's initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or any other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Incumbent Board; or

(iii) the consummation of a reorganization, merger or consolidation (including a merger or consolidation of the Company or any direct or indirect subsidiary of the Company), or sale or other disposition of all or substantially all of the assets of the Company (a "Business Combination"), in each case, unless, immediately following such Business Combination:

(A) the individuals and entities who were the Beneficial Owners of the Company Voting Stock immediately prior to such Business Combination have direct or indirect Beneficial Ownership of more than 50% of the then outstanding shares of Common Stock, and more than 50% of the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors of the Company, and

(B) no Person together with all Affiliates of such Person (excluding the Company and any employee benefit plan or related trust of the Company or any of its subsidiaries) Beneficially Owns 30% or more of the then outstanding shares of Common Stock or 30% or more of the combined voting power of the then outstanding voting securities of the Company, and

(C) at least a majority of the members of the board of directors of the Company were members of the Incumbent Board at the time of the execution of the initial agreement, and of the action of the Board, providing for such Business Combination; or

(iv) approval by the stockholders of the Company of a complete liquidation or dissolution of the Company.

(b) As used in this Section 1.3 and elsewhere in this Agreement, the following terms have the meanings indicated:

(i) Affiliate: "Affiliate" means a Person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, another specified Person.

(ii) Beneficial Owner: "Beneficial Owner" (and variants thereof), with respect to a security, means a Person who, directly or indirectly (through any contract, understanding, relationship or otherwise), has or shares (A) the power to vote, or direct the voting of, the security, and/or (B) the power to dispose of, or to direct the disposition of, the security.

(iii) Company Voting Stock: "Company Voting Stock" means any capital stock of the Company that is then entitled to vote for the election of directors.

(iv) Majority Shares: "Majority Shares" means the number of shares of Company Voting Stock that could elect a majority of the directors of the Company if all directors were to be elected at a single meeting.

(v) Person: "Person" means a natural person or entity, and will also mean the group or syndicate created when two or more Persons act as a syndicate or other group (including without limitation a partnership, limited partnership, joint venture or other joint undertaking) for the purpose of acquiring, holding, or disposing of a security, except that "Person" will not include an underwriter temporarily holding a security pursuant to an offering of the security.

(vi) Post-Transaction Corporation: Unless a Change of Control includes a Business Combination, "Post-Transaction Corporation" means the Company after the Change of Control. If a Change of Control includes a Business Combination, "Post-Transaction Corporation" will mean the corporation or other entity resulting from the Business Combination unless, as a result of such Business Combination, an ultimate parent entity controls the Company or all or substantially all of the Company's assets either directly or indirectly, in which case, "Post-Transaction Corporation" will mean such ultimate parent entity.

(vii) Threshold Percentage: "Threshold Percentage" means 30% of all then outstanding Company Voting Stock.

1.4 Code. "Code" shall mean the Internal Revenue Code of 1986, as amended from time to time.

1.5 Common Stock: "Common Stock" shall mean the common stock, $0.01 par value per share, of the Company.

1.6 Company. As used in this Agreement, "Company" shall mean the Company as defined above and any successor to or assignee of (whether direct or indirect, by purchase, merger, consolidation or otherwise) all or substantially all of the assets of the Company. Following a Change of Control, "Company" shall refer to the Post-Transaction Corporation.

1.7 Disability. "Disability" shall mean:

(a) A disability entitling the Executive to receive benefits under a long-term disability insurance policy maintained by the Company or an Affiliate in effect at the time either because she is totally disabled or partially disabled, as such terms are defined in such policy in effect as of the Agreement Date or as similar terms are defined in any successor policy.

(b) If there is no long-term disability plan in effect covering the Executive, and if (i) a physical or mental illness renders the Executive incapable of satisfactorily discharging her duties and responsibilities to the Company or an Affiliate for a period of 90 consecutive days, and (ii) such incapacity is certified in writing by a duly qualified physician chosen by the Company or an Affiliate and reasonably acceptable to the Executive or her legal representatives, then the Board will have the power to determine that the Executive has become disabled. If the Board makes such a determination, the Company or its Affiliate will have the continuing right and option, during the period that such disability continues, and by notice given in the manner provided in this Agreement, to terminate the status of the Executive as an officer and employee. Any such termination will become effective 60 days after such notice of termination is given, unless within such 60-day period, the Executive becomes capable of rendering services of the character contemplated hereby (and a physician chosen by the Company or an Affiliate and reasonably acceptable to the Executive or her legal representatives so certifies in writing) and the Executive in fact resumes such services.

(c) The "Disability Effective Date" will mean the date on which termination of the Executive's status as an officer and employee becomes effective due to Disability.

1.8 Good Reason. "Good Reason" shall mean:

(a) Any material breach by the Company of any of the provisions of this Agreement; or

(b) The assignment to the Executive of any duties inconsistent in any material respect with Executive's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities as of the Agreement Date, or any other action that results in a material diminution in such position, authority, duties or responsibilities; provided that prior to a Change of Control, the Company ceasing to have a class of common equity securities registered pursuant to the Securities Exchange Act of 1934, as amended, shall not constitute "Good Reason."

(c) Following a Change of Control, as defined in Section 1.3 hereof, "Good Reason" will also include:

(i) Any failure of the Company to provide the Executive with the position, authority, duties and responsibilities at least commensurate in all material respects with the most significant of those held, exercised and assigned at any time during the 120-day period immediately preceding the Change of Control. For the avoidance of doubt, Executive's position, authority, duties and responsibilities after a Change of Control shall not be considered commensurate in all material respects with Executive's position, authority, duties and responsibilities prior to a Change of Control unless after the Change of Control the Executive holds an equivalent position in the Company and the Company has a class of common equity

securities registered pursuant to the Securities Exchange Act of 1934, as amended, if such was the case prior to the Change of Control;

(ii) The Company requiring the Executive to be based at any office or location more than 35 miles from the office or location where Executive was employed immediately preceding the Change of Control, or requiring the Executive to travel on business to a substantially greater extent than required immediately prior to a Change of Control; or

(iii) Any failure by the Company to comply with and satisfy Sections 4.1(c) and (d) of this Agreement.

Notwithstanding the foregoing, the Executive shall not have the right to terminate the Executive's employment hereunder for Good Reason unless (1) within 30 days of the initial existence of the condition or conditions giving rise to such right the Executive provides written notice to the Company of the existence of such condition or conditions, and (2) the Company fails to remedy such condition or conditions within 30 days following the receipt of such written notice (the "Cure Period"). If any such condition is not remedied within the Cure Period, the Executive must terminate the Executive's employment with the Company within a reasonable period of time, not to exceed 30 days, following the end of the Cure Period.

1.9 Section 409A. "Section 409A" shall mean Section 409A of the Code and the regulations and guidance issued thereunder.

1.10 Termination Date. "Termination Date" shall mean, if the Executive's status as an officer and employee is terminated (i) by reason of the Executive's death, the date of the Executive's death, (ii) by reason of Disability, the Disability Effective Date, (iii) by the Company other than by reason of death or Disability, the date of delivery of the notice of termination or any later date specified in the notice of termination, which date will not be more than 30 days after the giving of the notice, or (iv) by the Executive other than by reason of death, the date of delivery of the notice of termination or any later date specified in the notice of termination, which date will not be more than 30 days after the giving of the notice.

ARTICLE II
Severance and Change of Control Benefits

2.1 Term and Capacity after Change of Control.

(a) This Agreement shall commence on the Agreement Date and continue in effect through March 31, 2025 (the "Initial Term"). If the Executive continues to serve as an officer of the Company and a Change of Control occurs during the Initial Term, then the Executive's employment term (the "Employment Term") shall continue through the third anniversary of the Change of Control, subject to any earlier termination of the Executive's employment pursuant to this Agreement.

(b) After a Change of Control and during the Employment Term, (i) the Executive's position (including status, offices, titles and reporting requirements), authority, duties and responsibilities shall be at least commensurate in all material respects with the most significant of those held, exercised and assigned at any time during the 120-day period immediately preceding the Change of Control and (ii) the Executive's services shall be

performed at the location where the Executive was employed immediately preceding the Change of Control or any office or location less than 35 miles from such location. The Executive's position, authority, duties and responsibilities after a Change of Control shall not be considered commensurate in all material respects with the Executive's position, authority, duties and responsibilities prior to a Change of Control unless after the Change of Control the Executive holds an equivalent position in the Company.

2.2 Compensation and Benefits. During the Employment Term, the Executive shall be entitled to the following compensation and benefits:

(a) Salary. An annual salary ("Base Salary") at the highest rate in effect for the Executive at any time during the 120-day period immediately preceding the Change of Control, payable to the Executive at such intervals no less frequent than the most frequent intervals in effect at any time during the 120-day period immediately preceding the Change of Control or, if more favorable to the Executive, the intervals in effect at any time after the Change of Control for other most senior executives of the Company and its Affiliates.

(b) Bonus. The Executive shall be entitled to participate in an annual incentive bonus program applicable to other most senior executives of the Company and its Affiliates but in no event shall such program provide the Executive with incentive opportunities less favorable than the most favorable of those provided by the Company and its Affiliates for the Executive under the Company's annual cash plan as in effect for the Executive at any time during the 120-day period immediately preceding the Change of Control or, if more favorable to the Executive, those provided generally at any time after the Change of Control to other most senior executives of the Company and its Affiliates. Any such bonus shall be paid in cash no later than two and a half months following the close of the fiscal year for which it is earned.

(c) Fringe Benefits. The Executive shall be entitled to fringe benefits (including, but not limited to, automobile allowance, air travel, and reimbursement for club membership dues) in accordance with the most favorable agreements, plans, practices, programs and policies of the Company and its Affiliates in effect for the Executive at any time during the 120-day period immediately preceding the Change of Control or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other most senior executives of the Company and its Affiliates.

(d) Expenses. The Executive shall be entitled to receive prompt reimbursement for all reasonable business expenses (including food and lodging) incurred by the Executive in accordance with the most favorable agreements, policies, practices and procedures of the Company and its Affiliates in effect for the Executive at any time during the 120-day period immediately preceding the Change of Control or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other most senior executives of the Company and its Affiliates.

(e) Incentive, Savings and Retirement Plans. The Executive shall be entitled to participate in all incentive, savings and retirement plans, practices, policies and programs

applicable generally to other most senior executives of the Company and its Affiliates, but in no event shall such plans, practices, policies and programs provide the Executive with incentive opportunities (measured with respect to both regular and special incentive opportunities, to the extent, if any, that such distinction is applicable), savings opportunities and retirement benefit opportunities, in each case, less favorable than the most favorable of those provided by the Company and its Affiliates for the Executive under any agreements, plans, practices, policies and programs as in effect at any time during the 120-day period immediately preceding the Change of Control.

(f) Welfare Benefit Plans. The Executive and the Executive's family shall be eligible for participation in and shall receive all benefits under welfare benefit plans, practices, policies and programs provided by the Company and its Affiliates (including, without limitation, medical, prescription, dental, disability, employee life, group life, accidental death and travel accident insurance plans and programs) to the extent applicable generally to other most senior executives of the Company and its Affiliates, but in no event shall such plans, practices, policies and programs provide the Executive with benefits, in each case, less favorable than the most favorable of any agreements, plans, practices, policies and programs of the Company and its Affiliates in effect for the Executive at any time during the 120-day period immediately preceding the Change of Control.

(g) Indemnification and Insurance. The Company shall indemnify the Executive, to the fullest extent permitted by applicable law, for any and all claims brought against her arising out her services during or prior to the Employment Term. In addition, the Company shall maintain a directors' and officers' insurance policy covering the Executive substantially in the form of the policy maintained by the Company and its Affiliates at any time during the 120-day period immediately preceding the Change of Control or, if more favorable to the Executive, as provided generally at any time thereafter with respect to other most senior executives of the Company and its Affiliates.

(h) Office and Support Staff. The Executive shall be entitled to an office or offices of a size and with furnishings and other appointments, and to exclusive personal secretarial and other assistance, at least equal to the most favorable of the foregoing provided to the Executive by the Company and its Affiliates at any time during the 120-day period immediately preceding the Change of Control or, if more favorable to the Executive, as provided generally at any time thereafter with respect to other most senior executives of the Company and its Affiliates.

(i) Vacation. The Executive shall be entitled to paid vacation in accordance with the most favorable agreements, plans, policies, programs and practices of the Company and its Affiliates as in effect for the Executive at any time during the 120-day period immediately preceding the Change of Control or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other most senior executives of the Company and its Affiliates.

2.3 Obligations upon Termination prior to a Change of Control.

(a) Termination by the Company without Cause or by the Executive for Good Reason. If during the Initial Term, and prior to a Change of Control, the Company terminates the Executive's employment without Cause, or the Executive terminates her employment for Good Reason, then, subject to Section 2.6 and, if applicable, the six-month delay set forth in Section 2.10:

(i) The Company will pay to the Executive the Executive's Base Salary earned through the Termination Date to the extent not previously paid (the "Accrued Salary");

(ii) The Company will pay to the Executive in a lump sum in cash an amount equal to the sum of (A) a pro rata bonus in an amount determined by (1) calculating the average of the annual bonus received by the Executive for the three most recently completed fiscal years prior to the Termination Date, then (2) multiplying such bonus amount by the fraction obtained by dividing the number of days in the year through the Termination Date by 365 (the "Pro Rata Bonus"), and (B) an amount equal to the sum of (x) the Executive's Base Salary in effect at the Termination Date and (y) the average annual bonus awarded to the Executive for the three fiscal years immediately preceding the Termination Date (excluding any payments for long-term incentives);

(iii) For the period commencing on the Termination Date and ending on the earlier of (A) December 31st of the first calendar year following the calendar year in which the Termination Date occurs, or (B) the date that the Executive accepts new employment (the "Continuation Period"), the Company will at its expense provide, either as part of a group policy or as such policy may be converted to an individual policy, health, dental, vision and life insurance (the "benefit plans") in which the Executive was entitled to participate as an employee as of the Termination Date; provided that the Executive's continued participation is possible under the general terms and provisions of each such plan and all applicable laws. If the Executive is a "specified employee" governed by Section 2.10 hereof, to the extent that any benefits provided to the Executive under this Section 2.3(a)(iii) are taxable to the Executive, then, with the exception of nontaxable medical insurance benefits, the value of the aggregate amount of such taxable benefits provided to the Executive pursuant to this Section 2.3(a)(iii) during the six month period following the Termination Date shall be limited to the amount specified by Section 402(g)(1)(B) of Code for the year in which the termination occurred. The Executive shall pay the cost of any benefits that exceed the amount specified in the previous sentence during the six-month period following the date of termination, and shall be reimbursed in full by the Company during the seventh month after the Termination Date. The coverage and benefits (including deductibles and costs) provided under any such benefit plan in accordance with this paragraph during the Continuation Period will be no less favorable to the Executive than the most favorable of such coverages and benefits provided to active employees of the Company during the Continuation Period. If the Executive's participation in any such benefit plan is barred or any such benefit plan is terminated, the Company will use its best efforts to provide the Executive with benefits substantially similar or comparable in value to those the Executive would otherwise have been entitled to receive under such plans. At the end of the Continuation Period, the Executive will have the option to have assigned to him, at no cost and with no apportionment of prepaid premiums, any assignable insurance owned by the Company that relates specifically to the Executive. To the maximum extent permitted by law, the

Executive will be eligible for medical coverage under COBRA. Notwithstanding the above, if the payment of health insurance premiums for the Executive is not permitted by the Patient Protection and Affordable Care Act, then in lieu of the health benefits provided for herein, the lump sum cash payment described in Section 2.3(a)(ii) will by increased by an amount equal to the first monthly COBRA premium multiplied by the maximum number of months in the Continuation Period;

(iv) All benefits that the Executive is entitled to receive pursuant to benefit plans maintained by the Company under which benefits are calculated based upon years of service or age will be calculated by treating the Executive as having attained two additional years of age and as having provided two additional years of service as of the Termination Date; and

(v) The Company will pay or deliver, as appropriate, all other benefits earned by the Executive or accrued for her benefit pursuant to any employee benefit plans maintained by the Company with respect to services rendered by the Executive prior to the Termination Date.

(b) Termination for Other Reasons. If during the Initial Term and prior to a Change of Control, the Executive's employment is terminated by the Company for Cause, by the Executive without Good Reason, or for any other reason (other than as set forth in Section 2.3(a)), the Company will pay to the Executive the Accrued Salary without further obligation to the Executive other than for obligations by law and obligations for any benefits earned by the Executive or accrued for her benefit pursuant to any employee benefit plans maintained by the Company with respect to services rendered by the Executive prior to the Termination Date.

2.4 Obligations upon Termination after a Change of Control.

(a) Termination as a Result of Death, Disability or Retirement. If, after a Change of Control and during the Employment Term, (1) the Executive's employment is terminated by reason of the Executive's death, (2) the Company terminates the Executive's employment by reason of the Executive's Disability, or (3) the Executive retires and terminates her employment, then, subject to Section 2.6 and, if applicable, the six-month delay set forth in Section 2.10:

(i) The Company or an Affiliate will pay to the Executive or her legal representatives the Executive's Accrued Salary;

(ii) The Company or an Affiliate will pay to the Executive or her legal representatives the Pro Rata Bonus; and

(iii) The Company or an Affiliate will pay or deliver, as appropriate, all other benefits earned by the Executive or accrued for her benefit pursuant to any employee benefit plans maintained by the Company or its Affiliates with respect to services rendered by the Executive prior to the Termination Date.

(b) Termination by the Company for Cause; by the Executive for other than Good Reason. If, after a Change of Control and during the Employment Term, the Executive's employment is terminated by the Company or an Affiliate for Cause, or by the Executive for other than Good Reason, the Company or Affiliate will pay to the Executive the Accrued Salary without further obligation to the Executive other than for obligations by law and obligations for any benefits earned by the Executive or accrued for her benefit pursuant to any employee benefit plans maintained by the Company or Affiliate with respect to services rendered by the Executive prior to the Termination Date.

(c) Termination by the Company for Reasons other than Death, Disability or Cause; by the Executive for Good Reason. If, after a Change of Control and during the Employment Term, (1) the Company or an Affiliate terminates the Executive's employment other than for Cause, death or Disability, or (2) the Executive terminates her employment for Good Reason, then, subject to Section 2.6, and, if applicable, the six-month delay set forth in Section 2.10:

(i) The Company or an Affiliate will pay to the Executive the Accrued Salary;

(ii) The Company or an Affiliate will pay to the Executive in a lump sum in cash (A) the Pro Rata Bonus, and (B) an amount equal to 2.99 times the sum of (x) the Executive's Base Salary in effect at the Termination Date and (y) the highest annual bonus awarded to the Executive for the three fiscal years immediately preceding the Termination Date (excluding any payments for long-term incentives);

(iii) For the Continuation Period, the Company or its Affiliate will at its expense provide, either as part of a group policy or as such policy may be converted to an individual policy, health, dental, vision and life insurance (the "benefit plans") in which the Executive was entitled to participate as an employee as of the Termination Date; provided that the Executive's continued participation is possible under the general terms and provisions of each such plan and all applicable laws. If the Executive is a "specified employee" governed by Section 2.10 hereof, to the extent that any benefits provided to the Executive under this Section 2.4(c)(iii) are taxable to the Executive, then, with the exception of nontaxable medical insurance benefits, the value of the aggregate amount of such taxable benefits provided to the Executive pursuant to this Section 2.4(c)(iii) during the six month period following the Termination Date shall be limited to the amount specified by Section 402(g)(1)(B) of Code for the year in which the termination occurred. The Executive shall pay the cost of any benefits that exceed the amount specified in the previous sentence during the six-month period following the date of termination, and shall be reimbursed in full by the Company during the seventh month after the Termination Date. The coverage and benefits (including deductibles and costs) provided under any such benefit plan in accordance with this paragraph during the Continuation Period will be no less favorable to the Executive than the most favorable of such coverages and benefits provided to active employees of the Company or its Affiliate during the Continuation Period. If the Executive's participation in any such benefit plan is barred or any such benefit plan is terminated, the Company or its Affiliate will use its best efforts to provide the Executive with benefits substantially similar or comparable in value to those the Executive would otherwise have been entitled to receive under such plans. At the end of the Continuation Period, the Executive will have the option to have assigned to him, at no cost and with no apportionment of prepaid premiums, any assignable insurance owned by the Company or its Affiliate that relates

specifically to the Executive. To the maximum extent permitted by law, the Executive will be eligible for medical coverage under COBRA. Notwithstanding the above, if the payment of health insurance premiums for the Executive is not permitted by the Patient Protection and Affordable Care Act, then in lieu of the health benefits provided for herein, the lump sum cash payment described in Section 2.4(c)(ii) will by increased by an amount equal to the first monthly COBRA premium multiplied by the maximum number of months in the Continuation Period;

(iv) All benefits that the Executive is entitled to receive pursuant to benefit plans maintained by the Company or an Affiliate under which benefits are calculated based upon years of service or age will be calculated by treating the Executive as having attained two additional years of age and as having provided two additional years of service as of the Termination Date; and

(v) The Company or an Affiliate will pay or deliver, as appropriate, all other benefits earned by the Executive or accrued for her benefit pursuant to any employee benefit plans maintained by the Company or Affiliate with respect to services rendered by the Executive prior to the Termination Date.

2.5 Nondisclosure and Proprietary Rights. The rights and obligations of the Company and the Executive contained in Article III hereof will continue to apply notwithstanding a termination triggering obligations of the Company pursuant to Section 2.3 or 2.4.

2.6 Most Favorable Benefits. It is the intention of the parties that the terms of this Agreement provide payments and benefits to the Executive that are equivalent or more beneficial to the Executive than are otherwise available to the Executive under the terms of any applicable benefit plan or related compensation agreement. To that end, the terms of the Agreement shall govern the payments and benefits to which the Executive shall be entitled upon the termination of the Executive's employment as provided herein, except that if the terms of any applicable benefit plan or related compensation agreement provide more favorable benefits to the Executive than are provided hereunder, the terms of such plan or agreement shall control.

2.7 Excise Tax Provision.

(a) Notwithstanding any other provisions of this Agreement, if a Change of Control occurs during the original or extended term of this Agreement, in the event that any payment or benefit received or to be received by the Executive in connection with the Change of Control of the Company or the termination of the Executive's employment under this Agreement or any other agreement between the Company and the Executive (all such payments and benefits, including the payments and benefits under Section 2.4(c) hereof, being hereinafter called "Total Payments") would be subject (in whole or in part), to an excise tax imposed by section 4999 of the Code (the "Excise Tax"), then the cash payments under Section 2.4(c) hereof shall first be reduced, and the noncash payments and benefits under the other sections hereof shall thereafter be reduced, to the extent necessary so that no portion of the Total Payments is subject to the Excise Tax but only if (A) the net amount of such Total Payments, as so reduced (and after subtracting the net amount of federal, state and local income and employment taxes on such reduced Total Payments) is greater than or equal to (B) the net amount of such Total Payments without such reduction (but after subtracting the net amount of federal, state and local income

and employment taxes on such Total Payments and the amount of Excise Tax to which the Executive would be subject in respect of such unreduced Total Payments); provided, however, that the Executive may elect to have the noncash payments and benefits hereof reduced (or eliminated) prior to any reduction of the cash payments under Section 2.4(c) hereof.

(b) For purposes of determining whether and the extent to which the Total Payments will be subject to the Excise Tax, (i) no portion of the Total Payments the receipt or enjoyment of which the Executive shall have waived at such time and in such manner as not to constitute a "payment" within the meaning of section 280G(b) of the Code shall be taken into account, (ii) no portion of the Total Payments shall be taken into account which, in the opinion of tax counsel ("Tax Counsel") reasonably acceptable to the Executive and selected by the accounting firm (the "Auditor") which was, immediately prior to a Change of Control or other event giving rise to a potential Excise Tax, the Company's independent auditor, does not constitute a "parachute payment" within the meaning of section 280G(b)(2) of the Code (including by reason of section 280G(b)(4)(A) of the Code) and, in calculating the Excise Tax, no portion of such Total Payments shall be taken into account which, in the opinion of Tax Counsel, constitutes reasonable compensation for services actually rendered, within the meaning of section 280G(b)(4)(B) of the Code, in excess of the "Base Amount" (within the meaning set forth in section 280G(b)(3) of the Code) allocable to such reasonable compensation, and (iii) the value of any non-cash benefit or any deferred payment or benefit included in the Total Payments shall be determined by the Auditor in accordance with the principles of sections 280G(d)(3) and (4) of the Code.

(c) At the time that payments are made under this Agreement, the Company shall provide the Executive with a written statement setting forth the manner in which such payments were calculated and the basis for such calculations including, without limitation, any opinions or other advice the Company has received from Tax Counsel, the Auditor or other advisors or consultants (and any such opinions or advice which are in writing shall be attached to the statement).

2.8 Incentive Awards. The foregoing benefits are intended to be in addition to the value of any other equity or incentive awards that may be due or that will remain outstanding pursuant to the their terms in connection with a termination of employment, including but not limited to, equity-based incentive awards such as options to acquire Common Stock and restricted stock units granted under the Company's stock incentive plans, participation interests under the Company's Profit Participation Incentive Plan, and any other incentive or similar plan heretofore or hereafter adopted by the Company.

2.9 Resignation from Board of Directors. If the Executive is a director of the Company and her employment is terminated for any reason other than death, the Executive will, if requested by the Company, immediately resign as a director of the Company and its Affiliates. If such resignation is not received within 20 business days after the Executive actually receives written notice from the Company requesting the resignation, the Executive will forfeit any right to receive any payments pursuant to this Agreement.

2.10 Legal Fees. The Company agrees to pay as incurred all legal fees and expenses that the Executive may reasonably incur as a result of any contest (regardless of the outcome thereof) by the Company, the Executive or others of the validity or enforceability of, or liability under, any provision of this Agreement (including as a result of any contest by the Executive about the amount or timing of any payment pursuant to this Agreement).

2.11 Section 409A of the Internal Revenue Code.

(a) This Agreement is intended to comply with Section 409A or an exemption thereunder and shall be construed and administered in accordance with Section 409A. Notwithstanding any other provision of this Agreement, payments provided under this Agreement may only be made upon an event and in a manner that complies with Section 409A or an applicable exemption. Any payments under this Agreement that may be excluded from Section 409A as separation pay due to an involuntary separation from service, as a short-term deferral, or under any other provision of Section 409A, shall be excluded from Section 409A to the maximum extent possible. For purposes of Section 409A, each installment payment provided under this Agreement shall be treated as a separate payment. Any payments to be made under this Agreement upon a termination of employment shall only be made upon a "separation from service" under Section 409A. Notwithstanding the foregoing, the Company makes no representations that the payments and benefits provided under this Agreement comply with Section 409A and in no event shall the Company be liable for all or any portion of any taxes, penalties, interest or other expenses that may be incurred by the Executive on account of non-compliance with Section 409A.

(b) Notwithstanding any other provision of this Agreement, if any payment or benefit provided to the Executive in connection with her termination of employment is determined to constitute "nonqualified deferred compensation" within the meaning of Section 409A and the Executive is determined to be a "specified employee" as defined in Section 409A(a)(2)(b)(i), then such payment or benefit shall not be paid until the first payroll date to occur following the six-month anniversary of the Termination Date or, if earlier, on the Executive's death (the "Specified Employee Payment Date") . The aggregate of any payments that would otherwise have been paid before the Specified Employee Payment Date shall be paid to the Executive in a lump sum on the Specified Employee Payment Date and thereafter, any remaining payments shall be paid without delay in accordance with their original schedule.

(c) No acceleration of payments and benefits provided for in this Agreement shall be permitted, except that the Company may accelerate payment, if permitted by Section 409A, as necessary to allow the Executive to pay FICA taxes on amounts payable hereunder and additional taxes resulting from the payment of such FICA amount, or as necessary to pay taxes and penalties arising as a result of the payments provided for in this Agreement failing to meet the requirements of Section 409A. In no event shall the Executive, directly or indirectly, designate the calendar year of payment.

(d) To the extent required by Section 409A, each reimbursement or in-kind benefit provided under this Agreement shall be provided in accordance with the following:

(i) the amount of expenses eligible for reimbursement, or in-kind benefits provided, during each calendar year cannot affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other calendar year;

(ii) any reimbursement of an eligible expense shall be paid to the Executive on or before the last day of the calendar year following the calendar year in which the expense was incurred; and

(iii) any right to reimbursements or in-kind benefits under this Agreement shall not be subject to liquidation or exchange for another benefit.

ARTICLE III
Nondisclosure and Proprietary Rights

3.1 Confidential Information. For purposes of this Agreement, the term "Confidential Information" means any information, knowledge or data of any nature and in any form (including information that is electronically transmitted or stored on any form of magnetic or electronic storage media) relating to the past, current or prospective business or operations of the Company and its Affiliates, that at the time or times concerned is not generally known to persons engaged in businesses similar to those conducted or contemplated by the Company and its Affiliates (other than information known by such persons through a violation of an obligation of confidentiality to the Company), whether produced by the Company and its Affiliates or any of their consultants, agents or independent contractors or by the Executive, and whether or not marked confidential, including without limitation information relating to the Company's or its Affiliates' products and services, business plans, business acquisitions, processes, product or service research and development ideas, methods or techniques, training methods and materials, and other operational methods or techniques, quality assurance procedures or standards, operating procedures, files, plans, specifications, proposals, drawings, charts, graphs, support data, trade secrets, supplier lists, supplier information, purchasing methods or practices, distribution and selling activities, consultants' reports, marketing and engineering or other technical studies, maintenance records, employment or personnel data, marketing data, strategies or techniques, financial reports, budgets, projections, cost analyses, price lists, formulae and analyses, employee lists, customer records, customer lists, customer source lists, proprietary computer software, and internal notes and memoranda relating to any of the foregoing.

3.2 Nondisclosure of Confidential Information. The Executive will hold in a fiduciary capacity for the benefit of the Company all Confidential Information obtained by the Executive during the Executive's employment (whether prior to or after the Agreement Date) and will use such Confidential Information solely within the scope of her employment with and for the exclusive benefit of the Company. For a period of five years after the Termination Date, the Executive agrees (a) not to communicate, divulge or make available to any person or entity (other than the Company) any such Confidential Information, except upon the prior written authorization of the Company or as may be required by law or legal process, and (b) to deliver promptly to the Company any Confidential Information in her possession, including any duplicates thereof and any notes or other records the Executive has prepared with respect thereto.

In the event that the provisions of any applicable law or the order of any court would require the Executive to disclose or otherwise make available any Confidential Information, the Executive will give the Company prompt prior written notice of such required disclosure and an opportunity to contest the requirement of such disclosure or apply for a protective order with respect to such Confidential Information by appropriate proceedings.

3.3 Injunctive Relief; Other Remedies. The Executive acknowledges that a breach by the Executive of Section 3.2 would cause immediate and irreparable harm to the Company for which an adequate monetary remedy does not exist; hence, the Executive agrees that, in the event of a breach or threatened breach by the Executive of the provisions of Section 3.2, the Company will be entitled to injunctive relief restraining the Executive from such violation without the necessity of proof of actual damage or the posting of any bond, except as required by non waivable, applicable law. Nothing herein, however, will be construed as prohibiting the Company from pursuing any other remedy at law or in equity to which the Company may be entitled under applicable law in the event of a breach or threatened breach of this Agreement by the Executive, including without limitation the recovery of damages and/or costs and expenses, such as reasonable attorneys' fees, incurred by the Company as a result of any such breach or threatened breach. In addition to the exercise of the foregoing remedies, the Company will have the right upon the occurrence of any such breach to offset the damages of such breach as determined by the Company, against any unpaid salary, bonus, commissions or reimbursements otherwise owed to the Executive. In particular, the Executive acknowledges that the payments provided under Article II are conditioned upon the Executive fulfilling the nondisclosure agreements contained in this Article III. If the Executive at any time materially breaches nondisclosure agreements contained in this Article III, then the Company may offset the damages of such breach, as determined solely by the Company, against payments otherwise due to the Executive under Article II or, at the Company's option, suspend payments otherwise due to the Executive under Article II during the period of such breach. The Executive acknowledges that any such offset or suspension of payments would be an exercise of the Company's right to offset or suspend its performance hereunder upon the Executive's breach of this Agreement; such offset or suspension of payments would not constitute, and shall not be characterized as, the imposition of liquidated damages.

3.4 Governing Law of this Article III; Consent to Jurisdiction. Any dispute regarding the reasonableness of the covenants and agreements set forth in this Article III or duration thereof, or the remedies available to the Company upon any breach of such covenants and agreements, will be governed by and interpreted in accordance with the laws of the State of the United States or other jurisdiction in which the alleged prohibited disclosure occurs, and, with respect to each such dispute, the Company and the Executive each hereby consent to the jurisdiction of the state and federal courts sitting in the relevant State (or, in the case of any jurisdiction outside the United States, the relevant courts of such jurisdiction) for resolution of such dispute, and agree that service of process may be made upon her or it in any legal proceeding relating to this Article III by any means allowed under the laws of such jurisdiction.

3.5 Executive's Understanding of this Article. The Executive hereby represents to the Company that she has read and understands, and agrees to be bound by, the terms of this Article III. The Executive acknowledges that the duration of the covenants contained in Article III are the result of arm's length bargaining and are fair and reasonable in light of (a) the

importance of the functions performed by the Executive and the length of time it would take the Company to find and train a suitable replacement, and (b) the Executive's level of control over and contact with the business and operations of the Company and its Affiliates in various jurisdictions where same are conducted. It is the desire and intent of the parties that the provisions of this Agreement be enforced to the fullest extent permitted under applicable law, whether now or hereafter in effect and, therefore, to the extent permitted by applicable law, the parties hereto waive any provision of applicable law that would render any provision of this Article III invalid or unenforceable.

ARTICLE IV
Miscellaneous

4.1 Binding Effect; Successors.

(a) This Agreement shall be binding upon and inure to the benefit of the Company and any of its successors or assigns.

(b) This Agreement is personal to the Executive and shall not be assignable by the Executive without the consent of the Company (there being no obligation to give such consent) other than such rights or benefits as are transferred by will or the laws of descent and distribution.

(c) The Company shall require any successor to or assignee of (whether direct or indirect, by purchase, merger, consolidation or otherwise) all or substantially all of the assets or businesses of the Company (i) to assume unconditionally and expressly this Agreement and (ii) to agree to perform or to cause to be performed all of the obligations under this Agreement in the same manner and to the same extent as would have been required of the Company had no assignment or succession occurred, such assumption to be set forth in a writing reasonably satisfactory to the Executive.

(d) The Company shall also require all entities that control or that after the transaction will control (directly or indirectly) the Company or any such successor or assignee to agree to cause to be performed all of the obligations under this Agreement, such agreement to be set forth in a writing reasonably satisfactory to the Executive.

4.2 Notices. All notices hereunder must be in writing and, unless otherwise specifically provided herein, will be deemed to have been given upon receipt of delivery by: (a) hand (against a receipt therefor), (b) certified or registered mail, postage prepaid, return receipt requested, (c) a nationally recognized overnight courier service (against a receipt therefor) or (d) telecopy transmission with confirmation of receipt. All such notices must be addressed as follows:

If to the Company, to:

Stratus Properties Inc.
212 Lavaca St.
Suite 300
Austin, Texas 78701
Attention: Chairman of Compensation Committee

If to the Executive, to:

[intentionally omitted]
[intentionally omitted]

or such other address as to which any party hereto may have notified the other in writing.

4.3 Governing Law. Except as provided in Article III hereof, this Agreement shall be construed and enforced in accordance with and governed by the internal laws of the State of Delaware without regard to principles of conflict of laws.

4.4 Withholding. The Executive agrees that the Company has the right to withhold, from the amounts payable pursuant to this Agreement, all amounts required to be withheld under applicable income and/or employment tax laws, or as otherwise stated in documents granting rights that are affected by this Agreement.

4.5 Amendment, Waiver. No provision of this Agreement may be modified, amended or waived except by an instrument in writing signed by both parties.

4.6 Severability. If any term or provision of this Agreement, or the application thereof to any person or circumstance, shall at any time or to any extent be invalid, illegal or unenforceable in any respect as written, the Executive and the Company intend for any court construing this Agreement to modify or limit such provision so as to render it valid and enforceable to the fullest extent allowed by law. Any such provision that is not susceptible of such reformation shall be ignored so as to not affect any other term or provision hereof, and the remainder of this Agreement, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid, illegal or unenforceable, shall not be affected thereby and each term and provision of this Agreement shall be valid and enforced to the fullest extent permitted by law.

4.7 Waiver of Breach. The waiver by either party of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach thereof.

4.8 Remedies Not Exclusive. No remedy specified herein shall be deemed to be such party's exclusive remedy, and accordingly, in addition to all of the rights and remedies provided for in this Agreement, the parties shall have all other rights and remedies provided to them by applicable law, rule or regulation.

4.9 Company's Reservation of Rights. The Executive acknowledges and understands that the Executive serves at the pleasure of the Board and that the Company has the right at any time to terminate the Executive's status as an employee of the Company or any of its Affiliates, or to change or diminish her status during the Employment Term, subject to the rights of the Executive to claim the benefits conferred by this Agreement.

4.10 Prior Change of Control Agreement. Effective as of the Agreement Date, this Agreement supersedes any prior change of control or nondisclosure agreement between the Executive and the Company.

4.11 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the Company and the Executive have caused this Agreement to be executed as of the Agreement Date.

Stratus Properties Inc.

By /s/ James E. Joseph
James E. Joseph
Director and Chairman of the
Compensation Committee of the
Board of Directors

Executive

/s/ Erin D. Pickens
Erin D. Pickens

Signature Page of Severance and Change of Control Agreement between Stratus Properties Inc. and Erin D. Pickens

Exhibit 21.1

List of Subsidiaries of Stratus Properties Inc.*

(as of December 31, 2021)

Entity	Organized	Name Under Which It Does Business
Santal, L.L.C.	Delaware	Same
Stratus Block 21, L.L.C.	Delaware	Same
Stratus Block 21 Member, L.L.C.	Delaware	Same
Stratus Investments LLC	Delaware	Same
Stratus Properties Operating Co., L.P.	Delaware	Same
Block 21 Service Company LLC	Texas	Same
Circle C Land, L.P.	Texas	Same
College Station 1892 Properties, L.L.C.	Texas	Same
Killeen FM 440, L.L.C.	Texas	Same
Lantana Place, L.L.C.	Texas	Same
Magnolia East 149, L.L.C.	Texas	Same
New Caney 242 Investments, L.P.	Texas	Same
Santal I, L.L.C.	Texas	Same
Stratus Block 150, L.P.	Texas	Same
Stratus Block 21 Investments, L.P.	Texas	Same
Stratus Kingwood Place, L.P.	Texas	Same
The Saint George Apartments, L.P.	Texas	Same
The Saint June, L.P.	Texas	Same
The Saint Mary, L.P.	Texas	Same
The Villas at Amarra Drive, L.L.C.	Texas	Same

* Pursuant to Item 601(b)(21)(ii) of Regulation S-K, the names of certain other subsidiaries of Stratus Properties Inc. are omitted because, considered in the aggregate as a single subsidiary, they would not constitute a “significant subsidiary” as that term is defined in Rule 1-02(w) of Regulation S-X under the Securities Exchange Act of 1934, as amended.

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-31059, 333-169057, 333-190637, 333-219823) of Stratus Properties Inc. of our report dated March 31, 2022 with respect to the consolidated balance sheets as of December 31, 2021 and 2020, and the related consolidated statements of comprehensive income (loss), equity and cash flows for each of the years in the two-year period ended December 31, 2021, which appear in the December 31, 2021 annual report on Form 10-K of Stratus Properties Inc.

/s/ BKM Sowan Horan, LLP

Austin, Texas

March 31, 2022

EXHIBIT 31.1

CERTIFICATION

I, William H. Armstrong III, certify that:

1. I have reviewed this annual report on Form 10-K of Stratus Properties Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: March 31, 2022

By: /s/ William H. Armstrong III

William H. Armstrong III
Chairman of the Board,
President and Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION

I, Erin D. Pickens, certify that:

1. I have reviewed this annual report on Form 10-K of Stratus Properties Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: March 31, 2022

By: /s/ Erin D. Pickens

Erin D. Pickens
Senior Vice President and
Chief Financial Officer

EXHIBIT 32.1

Certification Pursuant to 18 U.S.C. Section 1350
(Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002)

In connection with the Annual Report on Form 10-K of Stratus Properties Inc. (the "Company") for the year ended December 31, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), William H. Armstrong III, as Chairman of the Board, President and Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: March 31, 2022

By: /s/ William H. Armstrong III

William H. Armstrong III
Chairman of the Board,
President and Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

This certification shall not be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

EXHIBIT 32.2

Certification Pursuant to 18 U.S.C. Section 1350
(Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002)

In connection with the Annual Report on Form 10-K of Stratus Properties Inc. (the "Company") for the year ended December 31, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Erin D. Pickens, as Senior Vice President and Chief Financial Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of her knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: March 31, 2022

By: /s/ Erin D. Pickens

Erin D. Pickens
Senior Vice President and
Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

This certification shall not be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.