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

Form 10-K

(Mark One)

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

For the fiscal year ended December 31, 2015

☐ **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: 1-10466

The St. Joe Company
(Exact name of registrant as specified in its charter)

Florida	**59-0432511**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
133 South WaterSound Parkway WaterSound, Florida	**32413**
(Address of principal executive offices)	**(Zip Code)**

(850) 231-6400
(Registrant's telephone number, including area code)
Securities Registered Pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Exchange on Which Registered
Common Stock, no par value	**New York Stock Exchange**

Indicate by check mark whether the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. 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. 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 ☑ NO ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). YES ☑ NO ☐

Indicate by check mark if disclosure of delinquent filers pursuant to item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☑

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	☐	Accelerated filer	☑
Non-accelerated filer	☐ (Do not check if a smaller reporting company)	Smaller reporting company	☐

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

The aggregate market value of the registrant's Common Stock held by non-affiliates based on the closing price on June 30, 2015, was approximately $574.8 million.

As of February 26, 2016, there were 92,332,565 shares of common stock, no par value, issued of which 74,349,612 were outstanding, and 17,982,953 are shares of treasury stock.

THE ST. JOE COMPANY
INDEX

PART I

Item 1. *Business*

As used throughout this Annual Report on Form 10-K, the terms "St. Joe," the "Company," "we," "our," or "us" include The St. Joe Company and its consolidated subsidiaries unless the context indicates otherwise.

General

St. Joe was incorporated in 1936. We are a real estate development, asset management and operating company with real estate assets and operations currently concentrated primarily between Tallahassee and Destin, Florida, which we predominantly use, or intend to use, for or in connection with, our various residential or commercial real estate developments, resorts and leisure operations, leasing operations or our forestry operations on a limited basis.

We have significant residential and commercial land-use entitlements in hand or in process. We seek higher and better uses for our real estate assets through a range of activities from strategic land planning and development, infrastructure improvements and promoting economic development in the regions where we operate. We may explore the sale of such assets opportunistically or when we believe they have reached their highest and best use.

Business Strategy

We intend to use our land holdings and our cash and cash equivalents and investments to create long-term value for our shareholders. We believe that our present liquidity position can provide us with numerous opportunities to create long-term value for our shareholders by allowing us to focus on our core business activity of real estate development and asset management, including opportunities surrounding the Northwest Florida Beaches International Airport and our other land holdings in Northwest Florida.

Specifically, in 2016, we intend to focus on the following initiatives:

- ***Bay-Walton Sector Plan.*** In May of 2015, the Bay-Walton Sector Plan was officially adopted by Bay County and Walton County, found in compliance with state law, and no third party appeals were filed, therefore it became in effect in June 2015. The Bay-Walton Sector Plan is a long term master plan that includes entitlements, or legal rights, to develop over 170,000 residential units and over 22 million square feet of retail, commercial, and industrial uses on approximately 110,500 acres of the Company's land holdings. While these entitlements are broadly defined, what will actually be developed will be a function of more detailed planning, analysis, and market conditions, which will occur over time. We intend to explore opportunities to capitalize on these entitlements, including continuing to explore opportunities in the growing retirement demographic and other strategic initiatives.

- ***Commercial and industrial uses of our land portfolio.*** We intend to continue exploring new commercial and industrial uses of our land portfolio. The majority of our current land holdings are located within fifteen miles of the coast of the Gulf of Mexico and adjacent to major roads or the Northwest Florida Beaches International Airport.

    - *Pier Park North.* We are developing a 330,000 square foot retail center in Panama City Beach, with Casto, our joint venture partner and one of the country's leading developers of neighborhood and community retail centers. As of February 1, 2016, approximately 287,000 square feet of retail space was leased, which included key tenants such as Dick's Sporting Goods, Fresh Market, World Market, Bed Bath & Beyond, Michaels, Pet Smart, Bealls Outlet Store and Ross Dress for Less.

    - *Port of Port St. Joe.* We believe the Port of Port St. Joe can benefit from the expected long-term economic growth in the Southeastern United States and the Panama Canal. The Port of Port St. Joe is well positioned for bulk cargo shipments, offering access to rail, the U.S. Gulf Intracoastal Waterway and state and U.S. highways. However, the Port of Port St. Joe's shipping channel must first be dredged up to the federally authorized depth. We previously announced that in December 2014, the Florida Department of Environmental Protection issued the state permits to dredge the shipping channel to the maximum authorized depth. In February of 2015, the U.S. Army Corps of Engineers issued the federal permits to dredge the shipping channel to the maximum authorized depth. Additional regulatory approvals, funding, and other infrastructure improvements are required before dredging can begin, which could span multiple years.

- ◦ *VentureCrossings.* VentureCrossings allows for 5.9 million square feet of industrial and commercial development adjacent to Northwest Florida Beaches International Airport.

- ***Joint ventures with best of class operators.*** We believe that by entering into partnerships, joint ventures or other collaborations and alliances with best of class operators, we can efficiently utilize our land assets while reducing capital requirements.

- ***Efficient operations.*** We expect to continue a cost and investment discipline to ensure low fixed expenses and bottom line performance in all environments.

- ***Liquidity and balance sheet strength.*** We plan to continue maintenance of a high degree of liquidity while seeking opportunities to invest our cash in ways that we believe will increase shareholder value including investments in available for sale securities, share repurchases, real estate and other strategic investments.

Our Business

We currently view the company as a manager of our real estate assets. We operate our business in five reportable operating segments: (1) residential real estate, (2) commercial real estate, (3) resorts and leisure, (4) leasing operations and (5) forestry. For financial information about our operating segments, please see Note 20, *Segment Information* included in the Notes to the Consolidated Financial Statements included in Item 15 of this Form 10-K.

Residential Real Estate

Our residential real estate segment plans and develops mixed-use resort, primary and seasonal residential communities of various sizes on existing land. We own land in Northwest Florida near the Gulf of Mexico and other waterfront properties concentrated between Tallahassee and Destin, Florida.

Our real estate investment strategy focuses on projects that meet our investment return criteria. The time frame for these expenditures and investments will vary based on the type of project. However, we will only incur such expenditures if our analysis indicates that the project will generate a return equal to or greater than the threshold return over its life. An analysis is conducted for capital expenditures in each of our five segments.

Within our residential real estate business, we currently have two types of communities. The first, our residential resort communities, are positioned to attract primarily second-home buyers. Our successful projects in this category include the WaterColor and WaterSound Beach communities, which were built in a region of Florida that has historically attracted second-home buyers. We continue to see demand for lots and homes in these established resort communities, while some of our other communities continue to have low sales volume.

Our second type of residential communities serve the primary home market. These communities are for buyers who intend to use the community primarily for their main residence. Our Watersound Origins, Breakfast Point and SouthWood communities are our largest projects in this category. We have seen continued demand from builders for our developed lots and parcels of entitled, undeveloped land in our primary home communities.

Commercial Real Estate

In our commercial real estate segment we plan, develop, manage and sell real estate, including commercial operating properties. We provide development opportunities for national, regional and local retailers and other strategic partners in Northwest Florida. We offer land for commercial and light industrial uses. We also develop commercial parcels within or near existing residential developments. Our commercial real estate also includes industrial parks and several commerce parks. We have large land holdings surrounding the Northwest Florida Beaches International Airport, the Port of Port St. Joe, along roadways and near or within business districts in the region. Adjacent to the Northwest Florida Beaches International Airport is one of our industrial parks, VentureCrossings, a commercial and industrial development. We are soliciting global office, retail and industrial users for this prime development location.

Resorts and Leisure

WaterColor Inn and Vacation Rentals. Our WaterColor Inn and Resort is an award winning boutique hotel, which provides guests with access to a beach club, spa, tennis center, an award-winning restaurant, and retail and commercial space. In addition, our vacation rental business rents private homes in the WaterColor, WaterSound Beach and surrounding communities, to individuals who are vacationing in the area. Our resorts and leisure businesses are managed for us by a third party management company.

Clubs and Resorts. We own four golf courses in Northwest Florida. Three of them are in the Panama City Beach area and the fourth is located in Tallahassee. The golf courses are situated in or near our residential communities. We also own and operate two marinas. Our golf courses and marinas are managed for us by a third party management company.

St. Joe Club & Resorts. St. Joe Club & Resorts is our private membership club that provides exceptional amenities to our members and resort guests. The focus is on creating a world class membership experience combined with the all-inclusive aspects of a four star/four diamond resort. This allows the company to provide membership and create a competitive advantage in the lodging business. In addition, St. Joe Club & Resorts manages The Pearl Hotel, a boutique resort hotel in Northwest, Florida.

From time to time, we may explore the sale of certain resort and leisure properties.

Leasing Operations

Our leasing operations business includes our retail and commercial leasing. We own and manage several small retail shopping centers located in or very near to some of our residential projects, such as the WaterColor, WaterSound Beach, SouthWood and WindMark Beach communities. The success of these small retail centers is closely tied to the success of the residential developments from which they draw their customers.

Pier Park North. Our commercial leasing operations include our Pier Park North joint venture. Our Pier Park North joint venture includes a 330,000 square foot retail center in Panama City Beach, which we are developing with Casto, our joint venture partner and one of the country's leading developers of neighborhood and community retail centers. We began to develop and construct the Pier Park North retail center in early 2013 and expect to complete construction in 2016. As of February 1, 2016, approximately 287,000 square feet of retail space was leased, which included key tenants such as Dick's Sporting Goods, Fresh Market, World Market, Bed Bath & Beyond, Michaels, Pet Smart, Bealls Outlet Store and Ross Dress for Less.

VentureCrossings. We built and own a 105,000 square foot building with manufacturing and office space in VentureCrossings and lease the facility to the Harris Corporation under a long-term lease that commenced in 2012.

From time to time, we may sell certain operating properties. Typically the sales of these assets are reported in our commercial real estate segment.

Forestry

Our forestry segment focuses on the management of our timber holdings in Northwest Florida. We grow and sell sawtimber, wood fiber and forest products and provide land management services for conservation properties. We generate revenue from our forestry segment primarily from open market sales of timber. We sell product on site without the associated delivery costs. As of December 31, 2015, we had approximately 116,000 acres in our forestry operations and expect to have the ability to consistently operate approximately 60,000 of those acres. As of December 31, 2015, we had an estimated 3.2 million tons of marketable pulpwood and 2.1 million tons of marketable sawlogs on such acreage. Our ability to operate the remaining acreage is limited by geographical restrictions, (e.g. lakes and wetlands that do not yield enough timber to make it cost effective to operate in those areas, land set aside for mitigation banks and certain regulatory restrictions). Based on our annual harvest plan, we anticipated harvesting approximately 350,000 tons of pulpwood and sawlogs during 2016.

Our forestry segment may also sell our timber holdings, undeveloped land or land with limited development and easements. Some parcels include the benefits of limited development activity including improved roads, ponds and fencing. We have traditionally sold parcels of varying sizes ranging from less than one acre to thousands of acres. The pricing of these parcels varies significantly based on size, location, terrain, timber quality and other local factors.

Seasonality

Our businesses may be affected by seasonal fluctuations. For example, revenues from our resorts and leisure operations are typically higher in the second and third quarters; however, they can vary depending on the timing of holidays and school breaks, including spring break.

In addition to the seasonality effect described above, variability in our results of operations is further heightened by the change in our customer mix in our residential real estate business from some retail sales, which have a more consistent flow of revenues, to predominantly sales to homebuilders, who tend to buy multiple lots in sporadic transactions. Our commercial real estate projects are likewise subject to one-off sales and the development of specific projects depending on demand.

These variables have caused, and may continue to cause, our operating results to vary significantly from period to period. See “Item 1A—Risk Factors—Risks Related to Our Current Business—Our results of operations may vary significantly from period to period which could adversely impact our stock price, results of operations, cash flows and financial condition.”

Competition

The real estate development and leasing businesses are highly competitive and fragmented. We compete with other local, regional and national real estate companies, some of which may have greater financial, marketing, sales and other resources than we do.

A number of highly competitive companies participate in the vacation rental industry. Our ability to remain competitive and to attract and retain vacation rental owners and memberships depends on our success in distinguishing the quality and value of our products and services from those offered by others. We compete based on location, price and amenities.

In our forestry business, we compete with numerous public and privately held timber companies in our region. The principal method of competition is price and delivery.

Governmental Regulation

Our operations are subject to federal, state and local environmental laws and regulations, including laws relating to water, air, solid waste and hazardous substances and the requirements of the Federal Occupational Safety and Health Act and comparable state statutes relating to the health and safety of our employees. Although we believe that we are in material compliance with these requirements, there can be no assurance that we will not incur significant costs, civil and criminal penalties, and liabilities, including those relating to claims for damages to property or natural resources, resulting from our operations. We maintain environmental and safety compliance programs and conduct audits of our facilities and timberlands to monitor compliance with these laws and regulations. Enactment of new environmental laws or regulations, or changes in existing laws or regulations or the interpretation of these laws or regulations, might require significant expenditures.

Employees

As of February 26, 2016, we had 55 full-time employees. Most persons employed in the day-to-day operations of our resorts and leisure operations are employed by a third party management company engaged pursuant to a consulting and employment services agreement. In addition, we utilize part-time employees and independent contractors during the year based on seasonal needs.

Available Information

Our most recent Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to those reports may be viewed or downloaded electronically, free of charge, from our website:
http://www.joe.com as soon as reasonably practicable after we electronically file such material with, or furnish it to, the Securities and Exchange Commission (“SEC”). In addition, you may read and copy any materials we file with the SEC at the SEC’s Public Reference Room at 100 F Street, NE, Washington, DC 20549. To obtain information on the operation of the Public Reference room, you may call the SEC at 1-800-SEC-0330. Our recent press releases are also available to be viewed or downloaded electronically at http://www.joe.com.

We will also provide electronic copies of our SEC filings free of charge upon request. Any information posted on or linked from our website is not incorporated by reference into this Annual Report on Form 10-K. The SEC also maintains a website at http://www.sec.gov, which contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC.

Item 1A. *Risk Factors*

You should carefully consider the risks described below, together with all of the other information in this Annual Report on Form 10-K. The risks described below are not the only risks facing us. Additional risks and uncertainties not currently known to us, or that we currently deem to be immaterial, may also materially and adversely affect our business. If any of these risks actually occur, our business, financial condition, results of operations, cash flows, strategies and prospects could be materially adversely affected.

Risks Related to Our Current Business Strategy

We may not be able to successfully implement our business strategy, which would adversely affect our financial condition, results of operations, cash flows and financial performance.

Following the AgReserves Sale and RiverTown Sale that were completed in 2014, our cash and available-for-sale securities comprise over forty percent of the carrying value of our assets, while our assets related to our existing investments in real estate only comprise about thirty percent of the carrying value of our assets. Our future financial performance and success are therefore heavily dependent on our ability to implement our business strategy successfully.

Our current business strategy envisions several initiatives, including investing in new real estate and real estate related opportunities, such as the development of our mixed-use and active adult communities, developing new commercial and industrial uses for our land portfolio, entering into strategic alliances, investing in businesses related to our real estate development, management, and operating activities, investing in available-for-sale securities or longer term investments in real estate investment trusts and other investments in illiquid securities and continuing to efficiently contribute to our bottom line performance. We may not be able to successfully implement our business strategy or achieve the benefits of our business plan. If we are not successful in achieving our objectives, our business, results of operations, cash flows and financial condition could be negatively affected.

Management has discretion as to the investments we make and may not use these funds effectively.

We plan to continue to invest in available-for-sale securities or longer term investments in real estate investment trusts and other investments in illiquid securities until we can find what we believe to be other advantageous opportunities for these funds. Our management has discretion in the selection of these investments and could make investments that do not improve our results of operations, cash flows and financial condition or enhance the value of our common stock or which results in financial losses that could have a material adverse effect on our business, results of operations, cash flows and financial condition and stock price. Additionally, longer term investments, such as real estate investment trusts and other investments in illiquid securities are inherently riskier investments and could result in us losing some or all of our investment as well as not being able to liquidate our position when we would otherwise wish to do so.

Our investment in new business opportunities is inherently risky, and could disrupt our ongoing businesses and adversely affect our operations.

We have invested and expect to continue to invest in new business opportunities, such as the development of our mixed-use and active adult communities and the expansion of port related opportunities at the Port of Port St. Joe. Such endeavors may involve significant risks and uncertainties, including distraction of management from current operations, insufficient revenues to offset liabilities assumed and expenses associated with these new investments including development costs, inadequate return of capital on our investments, and unidentified issues not discovered in our due diligence of such opportunities. Because these ventures are inherently risky, no assurance can be given that such strategies and offerings will be successful and will not adversely affect our reputation, financial condition, and operating results.

We intend to invest our assets in ways such that we will not have to register as an investment company under the Investment Company Act of 1940. As a result, we may be unable to make some potentially profitable investments.

We are not registered as an "investment company" under the Investment Company Act of 1940 (the "Investment Company Act") and we intend to invest our assets in such a manner so that we are not required to register as an investment company. This will require monitoring our portfolio so that (a) we will not have more than 40% percent of total assets (excluding U.S. government securities and cash items) in investment securities or (b) we will meet and maintain another exemption from registration. As a result, we may be (1) unable to make some potentially profitable investments, (2) unable to sell assets we would otherwise want to sell or (3) forced to sell investments in investment securities before we would otherwise want to do so.

If The Fairholme Funds or Fairholme Capital Management, L.L.C. controls us within the meaning of the Investment Company Act of 1940, we may be unable to engage in transactions with potential strategic partners, which could adversely affect our business.

The Fairholme Fund ("Fairholme") (a series of Fairholme Funds, Inc., an investment company registered under the Investment Company Act) has the right to vote as of December 31, 2015 approximately 30.7% of our outstanding common stock. Fairholme Capital Management, L.L.C. ("Fairholme Capital"), which controls Fairholme, is the investment adviser of accounts that in the aggregate own, as of December 31, 2015, an additional 1.8% of our common stock. Bruce R. Berkowitz, the Managing Member of Fairholme Capital, and the President of Fairholme Funds, Inc., is the Chairman of our Board of Directors. Under the Investment Company Act, "control" means the power to exercise a controlling influence over the management or policies of a company, unless such power is solely the result of an official position with such company. Any person who owns beneficially, either directly or through one or more controlled companies, more than 25% of the outstanding voting securities of a company is presumed to control such company. The SEC has considered factors other than ownership of voting securities in determining control, including an official position with the company when such was obtained as a result of the influence over the company. Accordingly, even if Fairholme's beneficial ownership in us is below 25% of our outstanding voting securities, Fairholme may nevertheless be deemed to control us. The Investment Company Act generally prohibits a company controlled by an investment company from engaging in certain transactions with any affiliate of the investment company or affiliates of the affiliate, subject to limited exceptions. An affiliate of an investment company is defined in the Investment Company Act as, among other things, any company 5% or more of whose outstanding voting securities are directly or indirectly owned, controlled, or held with power to vote, by the investment company, a company directly or indirectly controlling, controlled by, or under common control with, the investment company or a company directly or indirectly owning, controlling, or holding with power to vote, 5% or more of the outstanding voting securities of the investment company.

We believe that Fairholme is currently affiliated with a number of entities, including MRC Global, Inc., Imperial Metals Corp., NOW, Inc., Sears Holdings Corp., Seritage Growth Properties, Sears Canada, Inc., and Lands' End, Inc. Due to these affiliations, should Fairholme be deemed to control us, we may be prohibited from engaging in certain transactions with these entities and certain of their affiliates and any future affiliates of Fairholme, unless one of the limited exceptions applies. This could adversely affect our ability to enter into transactions freely and compete in the marketplace. In addition, significant penalties and other consequences may arise as a result of a violation for companies found to be in violation of the Investment Company Act.

Returns on our investments may be limited by our investment guidelines and restrictions.

In 2013, we established investment guidelines and restrictions approved by the Investment Committee of our Board of Directors pursuant to the terms of the Investment Agreement with Fairholme Capital, as amended. The investment guidelines require that, as of the date of any investment: (i) at least 50% of the investment account be held in cash or cash equivalents, (ii) no more than 15% of the investment account may be invested in securities of any one issuer (excluding the U.S. Government), (iii) any investment in any one issuer (excluding the U.S. Government) that exceeds 10%, but not 15%, requires the consent of at least two members of the Investment Committee, and (iv) the investment account may not be invested in common stock securities. These limitations may restrict our ability to make certain investments and may negatively impact the return that we could otherwise receive from our investment account. This could adversely affect our cash flows and results of operations.

Our future growth is dependent on transactions with strategic partners. We may not be able to successfully (1) attract desirable strategic partners; (2) complete agreements with strategic partners; and/or (3) manage relationships with strategic partners going forward, any of which could adversely affect our business.

We may seek strategic partnerships to develop mixed-use and active adult communities, capitalize on the potential of our commercial and industrial opportunities and maximize the value of our assets. These strategic partnerships may bring development experience, industry expertise, financial resources, financing capabilities, brand recognition and credibility or other competitive assets. We cannot assure, however, that we will have sufficient resources, experience and/or skills to locate desirable partners. We also may not be able to attract partners who want to conduct business in desirable geographic locations and who have the assets, reputation or other characteristics that would optimize our development and asset management opportunities.

Once a strategic partner has been identified, actually reaching an agreement on a transaction may be difficult to complete and may take a considerable amount of time considering that negotiations require careful balancing of the parties’ various objectives, assets, skills and interests. A formal partnership may also involve special risks such as:

- our partner may take actions contrary to our instructions or requests, or contrary to our policies or objectives with respect to the real estate investments;
- our partner could experience financial difficulties, become bankrupt or fail to fund their share of capital contributions, which may delay construction or development of property or increase our financial commitment to the strategic partnership;
- we may disagree with our partner about decisions affecting the real estate investments or partnership, which could result in litigation or arbitration that increases our expenses, distracts our officers and directors and disrupts the day-to-day operations of the property, which may delay important decisions until the dispute is resolved; and
- actions by our partner may subject property owned by the partnership to liabilities or have other adverse consequences.

A key complicating factor is that strategic partners may have economic or business interests or goals that are inconsistent with ours or that are influenced by factors unrelated to our business. These competing interests lead to the difficult challenges of successfully managing the relationship and communication between strategic partners and monitoring the execution of the partnership plan. We cannot assure that we will have sufficient resources, experience and/or skills to effectively manage our ongoing relationships with our strategic partners. We may also be subject to adverse business consequences if the market reputation of a strategic partner deteriorates. If we cannot successfully execute transactions with strategic partners, our business, results of operations, cash flows and financial condition could be adversely affected.

Losses in the fair value of our available-for-sale and held-to-maturity investments, and the concentration of our investment portfolio in any particular issuer, industry, group of related industries or geographic sector, could have an adverse impact on our results of operations, cash flows and financial condition.

As of December 31, 2015, we have investment accounts of $384.4 million which are managed by Fairholme Capital. Of this amount, $193.2 million is held in cash equivalents, $184.7 million is held in U.S. Treasury securities, $6.3 million is held in corporate debt securities and $0.2 million is held in preferred stock investments. The market value of these investments is subject to change from period to period. Our available-for-sale securities include corporate debt securities, and our preferred stock that are issued by one issuer who is a national retail chain that is non-investment grade. Furthermore, pursuant to our Investment Agreement with Fairholme Capital, our investment advisor, we could invest up to a total of fifteen percent of the investment account in any one issuer as of the date of purchase.

We have exposure to credit risk associated with our available-for-sale and held-to-maturity investments, which include U.S. Treasury securities, corporate debt securities, preferred stock investments and retained interest investments. These instruments are also subject to price fluctuations as a result of changes in the financial market's assessment of issuer credit quality, increases in delinquency and default rates, changes in prevailing interest rates and other economic factors. A downgrade of the U.S. government's credit rating could also decrease the value of our available-for-sale and held-to-maturity investments.

Losses in the fair value of our available-for-sale and held-to-maturity investments can negatively affect earnings if management determines that such securities are other-than-temporary impaired. The evaluation of other-than-temporary impairment is based on various factors, including the financial condition, business prospects, industry and creditworthiness of the issuer, severity and length of time the securities were in a loss position, our ability and intent to hold investments until unrealized losses are recovered or until maturity. If a decline in fair value is considered other-than-temporary, the carrying amount of the security is written down and the amount of the credit-related component is recognized in earnings. Based on these factors, the unrealized losses related to the Company's debt securities of $1.1 million were determined to be temporary at December 31, 2015.

Any losses in the fair value of our available-for-sale and held-to-maturity investments that are deemed to be other-than-temporary due to credit deterioration will result in us being required to record credit-related losses in our Consolidated Statements of Operations. Furthermore, as a result of the concentration of our corporate debt securities and preferred stock investments, the performance of our investments may be disproportionately affected by any adverse change in the financial condition of these issuers or the market value of any of the securities in our portfolio, which could have a material adverse effect on our results of operations, cash flows and financial condition.

We face risks associated with short-term liquid investments.

We continue to have significant cash balances that are invested in a variety of short-term investments that are intended to preserve principal value and maintain a high degree of liquidity while providing current income. From time to time, these investments may include (either directly or indirectly):

- direct obligations issued by the U.S. Treasury;
- obligations issued or guaranteed by the U.S. government or its agencies;
- taxable municipal securities;
- obligations (including certificates of deposit) of banks and thrifts;
- commercial paper and other instruments consisting of short-term U.S. dollar denominated obligations issued by corporations and banks;
- repurchase agreements collateralized by corporate and asset-backed obligations;
- both registered and unregistered money market funds; and
- other highly rated short-term securities.

Investments in these securities and funds are not insured against loss of principal. Under certain circumstances we may be required to redeem all or part of our investment, and our right to redeem some or all of our investment may be delayed or suspended. In addition, there is no guarantee that our investments in these securities or funds will be redeemable at par value. A decline in the value of our investment or a delay or suspension of our right to redeem may have a material adverse effect on our results of operations or financial condition.

Risks Related to our Current Business

Our results of operations may vary significantly from period to period which could adversely impact our stock price, results of operations, cash flows and financial condition.

Historically, we derived a substantial portion of our income from our forestry operations which had more of a consistent flow of revenues. However, following the 2014 AgReserves Sale, variability in our period to period results of operations and cash flows has become more apparent as income from our forestry operations has been reduced. In addition, our customer mix in our residential real estate business has changed from some retail sales, which have a more consistent flow of revenues, to the majority of sales to homebuilders who tend to buy multiple lots in sporadic transactions. Commercial real estate projects are likewise subject to one-off sales and the development of specific projects depending on demand.

Moreover, as it relates to all of our residential and commercial land-use entitlements in hand or in process, we seek higher and better uses for our assets through a range of activities from strategic land planning and development, infrastructure improvements and promoting economic development in the regions where we operate; and therefore may explore the sale of assets opportunistically or when we believe they have reached their highest and best use. As a consequence, there may be reporting periods in which we have no, or significantly less, revenues from residential or commercial real estate sales.

Furthermore, our resorts and leisure operations are affected by seasonal fluctuations. Revenues from our resorts and leisure operations are typically higher in the second and third quarters; however, they can vary depending on the timing of holidays and school breaks, including spring break.

These variables have caused, and may continue to cause, our operating results to vary significantly from period to period which could have an adverse impact on our stock price, cash flows, results of operations and financial condition.

Our business is subject to extensive regulation and growth management initiatives that may restrict, make more costly or otherwise adversely impact our ability to develop our real estate investments or otherwise conduct our operations.

A large part of our business strategy is dependent on our ability to develop and manage real estate in Northwest Florida, including opportunities in the mixed-use and active adult communities and expanding the Port of Port St. Joe operations. Approval to develop real property in Florida entails an extensive entitlements process involving multiple and overlapping regulatory jurisdictions and often requiring discretionary action by local government. This process is often political, uncertain and may require significant exactions in order to secure approvals. Real estate projects in Florida must generally comply with the provisions of the Local Government Comprehensive Planning and Land Development Regulation Act (the “Growth Management Act”) and local land development regulations. In addition, development projects that exceed certain specified regulatory thresholds require approval of a comprehensive Development of Regional Impact, or DRI, application. Compliance with the Growth Management Act, local land development regulations and the DRI process is usually lengthy and costly and can be expected to materially affect our real estate development activities.

The Growth Management Act requires local governments to adopt comprehensive plans guiding and controlling future real property development in their respective jurisdictions and to evaluate, assess and keep those plans current. Included in all comprehensive plans is a future land use map which sets forth allowable land use development rights. Some of our land has an “agricultural” or “silviculture” future land use designation, and we are required to seek an amendment to the future land use map to develop residential, commercial and mixed-use projects. Approval of these comprehensive plan map amendments is highly discretionary.

All development orders and permits must be consistent with the comprehensive plan. Each plan must address such topics as future land use and capital improvements and make adequate provision for a multitude of public services including transportation, schools, solid waste disposal, sanitation, sewerage, potable water supply, drainage, affordable housing, open space, parks and others. The local governments’ comprehensive plans must also establish “levels of service” with respect to certain specified public facilities, including roads and schools, and services to residents. In many areas, infrastructure funding has not kept pace with growth, causing facilities to operate below established levels of service. Local governments are prohibited from issuing development orders or permits if the development will reduce the level of service for public facilities below the level of service established in the local government’s comprehensive plan, unless the developer either sufficiently improves the services up front to meet the required level of service or provides financial assurances that the additional services will be provided as the project progresses. In addition, local governments that fail to keep their plans current may be prohibited by law from amending their plans to allow for new development.

If any one or more of these factors were to occur, we may be unable to develop our primary or resort communities or the mixed-use and active adult communities successfully or within the expected timeframes. Changes in the Growth Management Act or the DRI review process or the interpretation thereof, new enforcement of these laws or the enactment of new laws regarding the development of real property could lead to a decline in our ability to develop and market our communities successfully and to generate positive cash flow from these operations in a timely manner which could have a materially adverse affect our ability to service our demand and negatively impact our business, results of operations, cash flows or financial condition.

Our existing real estate investments are concentrated in Northwest Florida; therefore our long-term financial results are largely dependent on the economic growth of Northwest Florida.

The economic growth of Northwest Florida, where most of our land is located, is an important factor in creating demand for our products and services. Our principal sources of revenue are (1) sales of lots or entitled land to homebuilders and others in connection with residential housing developments, (2) sales and leasing of commercial real estate, (3) revenues generated through our hotel and other leasing activities that are principally tourism related and (4) future revenue from the Port of Port St. Joe operations and our planned mixed-use and active adult communities. Consequently, demand for our products largely depends on the growth of the local economy.

We believe that the future economic growth of Northwest Florida will largely depend on the ability and willingness of state and local governments, in combination with the private sector, (1) to plan and complete significant infrastructure improvements in the region, such as new transportation hubs, roads, rail, pipeline, medical facilities and schools and (2) to attract companies offering high-quality, high salary jobs to large numbers of new employees. If new businesses and new employees in Northwest Florida do not grow as anticipated, demand for residential and commercial real estate and demand to expand the Port of Port St. Joe will not meet our expectations and our future growth will be adversely affected.

Changes in the demographics affecting projected population growth in Florida, particularly Northwest Florida, including a decrease in the migration of Baby Boomers, could adversely affect our business.

Florida has experienced strong population growth in the past few decades, particularly during the real estate boom in the first half of the last decade. However, a decline in the rate of migration into Florida could occur due to a number of factors affecting Florida, including weak economic conditions, restrictive credit, the occurrence of hurricanes and increased costs of living.

The success of our primary communities and planned mixed-use and active adult communities will be dependent on strong migration and population expansion in our regions of development, primarily Northwest Florida. We also believe that Baby Boomers seeking retirement or vacation homes in Florida will remain important target customers for our real estate products in the future. Florida’s population growth could be negatively affected in the future by factors such as adverse economic conditions, the occurrence of natural or manmade disasters and the high cost of real estate, insurance and property taxes. Furthermore, those persons considering moving to Florida may not view Northwest Florida as an attractive place to live or own a second home and may choose to live in another region of the state. In addition, as an alternative to Florida, other states such as Georgia, North and South Carolina and Tennessee are increasingly becoming retirement destinations and are attracting retiring Baby Boomers and the workforce population who may have otherwise considered moving to Florida. If Florida, especially Northwest Florida, experiences an extended period of slow growth, or even net out-migration, our business, results of operations, cash flows and financial condition would suffer.

We have significant operations and properties in Florida that could be materially and adversely affected by natural disasters, manmade disasters, severe weather conditions or other significant disruptions.

Our corporate headquarters and our properties are located in Florida, where major hurricanes have occurred. Because of its location between the Gulf of Mexico and the Atlantic Ocean, Florida is particularly susceptible to the occurrence of hurricanes. Depending on where any particular hurricane makes landfall, our developments in Florida, especially our coastal properties in Northwest Florida, could experience significant, if not catastrophic, damage. Such damage could materially delay sales or lessen demand for our residential or commercial real estate in affected communities and lessen demand for our resorts and leisure operations and leasing operations, such as by disrupting our resort and vacation rental business if there are extensive repairs to the facilities or by lessening demand as a vacation destination. If our corporate headquarters facility is damaged or destroyed, we may have difficulty performing certain corporate and operational functions.

In addition to hurricanes, the occurrence of other natural disasters and climate conditions in Florida, such as tornadoes, floods, fires, unusually heavy or prolonged rain, droughts and heat waves, could have a material adverse effect on our ability to develop and sell properties or realize income from our projects. The occurrence of these natural disasters could also have a material adverse effect on our forestry business, if timber inventory is destroyed. Furthermore, an increase in sea levels due to long-term global warming could have a material adverse effect on our coastal properties and forestry business. The occurrence of natural disasters and the threat of adverse climate changes could also have a long-term negative effect on the attractiveness of Florida as a location for resort, seasonal and/or primary residences and as a location for new employers that can create high-quality jobs needed to spur growth in Northwest Florida.

Additionally, we are susceptible to manmade disasters or disruptions, such as oil spills like the Deepwater Horizon oil spill, acts of terrorism, power outages and communications failures. If a hurricane, natural disaster, manmade disaster or other significant disruption occurs, we may experience disruptions to our operations and properties, which could have a material adverse effect on our business, results of operations, cash flows and financial condition.

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

We maintain insurance on our property, including property, liability, fire, flood and extended coverage. However, we do not insure our timber assets and we self-insure home warranty claims. Additionally, our insurance for hurricanes is capped at $50 million per named storm and is subject to deductibles. We use our discretion when determining amounts, coverage limits and deductibles for insurance. These terms are determined 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. Inflation, changes in building codes and ordinances, environmental considerations and other factors also may make it unfeasible to use insurance proceeds to replace a facility after it has been damaged or destroyed. Under such circumstances, we may not receive insurance proceeds or the insurance proceeds we receive may not fully cover business interruptions or losses and our earnings, liquidity, or capital resources could be adversely affected.

Increases in property insurance premiums and decreases in availability of homeowner property insurance in Florida could reduce customer demand for homes and homesites in our developments.

Homeowner property insurance companies doing business in Florida have reacted to previous hurricanes by increasing premiums, requiring higher deductibles, reducing limits, restricting coverage, imposing exclusions, refusing to insure certain property owners, and in some instances, ceasing insurance operations in the state. It is uncertain what effect these actions may have on property insurance availability and rates in the state.

Furthermore, Florida's state-owned property insurance company, Citizens Property Insurance Corp., underwrites homeowner property insurance. If there were to be a catastrophic hurricane or series of hurricanes to hit Florida, the exposure of the state government to property insurance claims could place extreme stress on state finances.

The high costs of property insurance premiums in Florida could deter potential customers from purchasing a homesite in one of our developments or make Northwest Florida less attractive to new employers that can create high quality jobs needed to spur growth in the region, either of which could have a material adverse effect on our business, results of operations, cash flows and financial condition.

A decline in consumers' discretionary spending or a change in consumer preferences could reduce our sales and harm our business.

Our real estate and resorts and leisure businesses' sales ultimately depend on consumer discretionary spending, which is influenced by factors beyond our control, including general economic conditions, the availability of discretionary income and credit, weather, consumer confidence and unemployment levels. Any material decline in the amount of consumer discretionary spending could reduce our sales and harm our business. These economic and market conditions, combined with continuing difficulties in the credit markets and the resulting pressures on liquidity, may also place a number of our key customers under financial stress, which could adversely affect our occupancy rates and our profitability, which could have a material adverse effect on our business, results of operations, cash flows and financial condition.

Downturns of the real estate market in Northwest Florida could adversely affect our operations.

Demand for real estate is sensitive to changes in economic conditions such as the level of employment, consumer confidence, consumer income, the availability of financing and interest rate levels, over which we have no control. In addition, the real estate market is subject to downturns, and our business is especially sensitive to economic conditions in Northwest Florida, where many of our developments are located, and the Southeast region of the United States, which in the past has produced a high percentage of customers for the resort and seasonal products in our Northwest Florida communities. Unemployment, lack of consumer confidence and other adverse consequences of the previous economic recession continue to affect the economies of these regions. If market conditions do not continue to improve as anticipated or were to worsen, the demand for our real estate products could decline, negatively impacting our business, results of operations, cash flows and financial condition.

Mortgage financing issues, including lack of supply of mortgage loans, tightened lending requirements and possible future increases in interest rates, could reduce demand for our products.

Many purchasers of our real estate products obtain mortgage loans to finance a substantial portion of the purchase price, or they may need to obtain mortgage loans to finance the construction costs of homes to be built on homesites purchased from us. Also, our homebuilder customers depend on retail purchasers who rely on mortgage financing. Many mortgage lenders and investors in mortgage loans experienced severe financial difficulties arising from losses incurred on sub-prime and other loans originated before the downturn in the real estate market. As a result, the mortgage industry remains under scrutiny and continues to face the challenges of increased regulation at federal, state, and local levels. Because of these challenges, the supply of mortgage products has been constrained, and the eligibility requirements for borrowers have been tightened. Constraints on the mortgage lending industry could adversely affect potential purchasers of our products, including our homebuilder customers, thus having a negative effect on demand in our communities.

While interest rates for home mortgage loans have generally remained low, mortgage interest rates could increase in the future which could adversely affect the demand for residential real estate. In addition to residential real estate, increased interest rates and restrictions in the availability of credit could also negatively impact sales of our commercial properties or other land we offer for sale. If interest rates increase and the ability or willingness of prospective buyers to finance real estate purchases is adversely affected, our sales, results of operations, cash flows and financial condition may be negatively affected.

Tax law changes could make home ownership more expensive or less attractive.

Historically, significant expenses of owning a home, including mortgage interest expense and real estate taxes, generally have been deductible expenses for the purpose of calculating an individual's federal, and in some cases state, taxable income as itemized deductions. The Federal government has been considering eliminating some deductions, or limiting the tax benefit of deductions, with regard to people with incomes above specified levels. Changes in tax laws could increase the after-tax cost of owning a home, which is likely to adversely impact the demand for homes and could reduce the prices for which we can sell homesites, particularly in higher priced communities.

Significant competition could have an adverse effect on our business.

The real estate development business is highly competitive and fragmented. We compete with other local, regional and national real estate companies, some of which may have greater financial, marketing, sales and other resources than we do. Competition from other real estate developers may adversely affect our ability to attract purchasers and sell residential and commercial real estate and attract and retain experienced real estate development personnel.

A number of highly competitive companies participate in the vacation rental industry. In 2014, we launched St. Joe Club & Resorts, a private membership club that provides access to a diverse offering of benefits and privileges at certain of our owned and operated resort facilities. In addition, certain facilities are private clubs and only members and registered guests of St. Joe Club & Resorts are eligible to access. Our ability to remain competitive and to attract and retain vacation rental owners and memberships depends on our success in distinguishing the quality and value of our products and services from those offered by others.

In addition, the forestry business is highly competitive in terms of price and quality. Wood products are subject to increasing competition from a variety of substitute products, including non-wood and engineered wood products. There can be no assurance we will be able to compete successfully against current or future competitors or that competitive pressures we face in the markets in which we operate will not have a material adverse affect on our business, results of operations, cash flows and financial condition.

We are dependent upon homebuilders as customers, but our ability to attract homebuilder customers and their ability or willingness to satisfy their purchase commitments may be uncertain.

We are highly dependent upon our relationships with homebuilders to be the primary customers for our homesites and to provide construction services in our residential developments. The homebuilder customers that have already committed to purchase homesites from us could decide to reduce, delay or cancel their existing commitments to purchase homesites in our developments. From time to time we finance real estate sales with mortgage note receivables. If these homebuilders fail to pay their debts to us or delay paying us, it would reduce our anticipated cash flows. Homebuilders also may not view our developments as desirable locations for homebuilding operations, or they may choose to purchase land from other sellers. Any of these events could have an adverse effect on our business, results of operations, cash flows and financial condition.

We are exposed to risks associated with real estate development that could adversely impact our results of operations, cash flows and financial condition.

Our real estate development activities entail risks that could adversely impact our results of operations, cash flows and financial condition, including:

- construction delays or cost overruns, which may increase project development costs;
- claims for construction defects after property has been developed, including claims by purchasers and property owners' associations;
- an inability to obtain required governmental permits and authorizations;
- an inability to secure tenants necessary to support commercial projects; and
- compliance with building codes and other local regulations.

Our commercial leasing projects may not yield anticipated returns, which could harm our operating results, reduce cash flow, or the ability to sell commercial assets.

A component of our business strategy is the development and management of commercial properties and assets for sale. These developments may not be as successful as expected due to the commercial leasing related risks, including the risk that we may not be able to lease new properties to an appropriate mix of tenants or lease rates that are consistent with our projections, as well as the risks generally associated with real estate development. Additionally, development of commercial projects involves the risk associated with the significant time lag between commencement and completion of the project. This time lag subjects us to greater risks relating to fluctuations in the general economy, our ability to obtain construction or permanent financing on favorable terms, if at all, our ability to achieve projected rental rates, the pace that we will be able to lease to new tenants, higher than estimated construction costs (including labor and material costs), and delays in the completion of projects because of, among other factors, inclement weather, labor disruptions, construction delays or delays in receiving zoning or other regulatory approvals, or man-made or natural disasters. If any one of these factors negatively impacts our commercial leasing projects we may not yield anticipated returns, which could have a material adverse effect on our operating results, cash flows and ability to sell commercial assets.

We face potential adverse effects from commercial tenant bankruptcies.

A component of our business strategy is the development and leasing of commercial properties. The bankruptcy of a major tenant may adversely affect the income produced by our commercial properties. If one or more of our tenants, particularly an anchor tenant, declares bankruptcy or voluntarily vacates from the leased premises, we may be unable to re-lease such space or to re-lease it on comparable or more favorable terms. Additionally, the bankruptcy of an anchor tenant may make it more difficult to lease the remainder of the affected properties, which could have a material adverse effect on our results of operations, cash flows and financial condition. This could adversely affect our properties and growth.

We guarantee debt for our Pier Park North joint venture, and may in the future enter into similar agreements, which may have a material adverse effect on our results of operations, cash flows and financial condition.

We have agreed to provide a limited guarantee in connection with our Pier Park North joint venture, and may in the future agree to similar agreements. In October 2015, the Pier Park North joint venture refinanced its construction loan and entered into a $48.2 million loan (the "Refinanced Loan") that matures in November 2025. Pursuant to the Refinanced Loan, we have provided a limited guarantee in favor of the lender that covers losses arising as a result of: (i) tenant security deposits; (ii) tenant rents; (iii) costs and expenses related to any environmental clean-up; (iv) liability for fraud or material breach of warranty with respect to the financing; (v) unpaid real estate taxes assessed against the property; (vi) failure to maintain required insurance; (vii) foreclosure of the security instrument; or (viii) failure of the joint venture to comply with certain covenants in the agreement. In addition, the guarantee can become full recourse in the case of any fraud or intentional misrepresentation by the joint venture; any voluntary transfer or encumbrance of the property in violation of the due-on-sale clause in the security instrument; upon commencement of voluntary or insolvency proceedings; and upon breach of covenants in the security instrument. If we were to become obligated to perform on the guarantee, it could have a material adverse effect on our results of operations, cash flows and financial condition.

Environmental and other regulations may have an adverse effect on our business.

Our properties are subject to federal, state and local environmental regulations and restrictions that may impose significant limitations on our development ability. In most cases, approval to develop requires multiple permits which involve a long, uncertain and costly regulatory process. Our land holdings contain jurisdictional wetlands, some of which may be unsuitable for development or prohibited from development by law. Development approval most often requires mitigation for impacts to wetlands that require land to be conserved at a disproportionate ratio versus the actual wetlands impacted and approved for development. Some of our property is undeveloped land located in areas where development may have to avoid, minimize or mitigate for impacts to the natural habitats of various protected wildlife or plant species. Additionally, much of our property is in coastal areas that usually have a more restrictive permitting burden or must address issues such as coastal high hazard, hurricane evacuation, floodplains and dune protection.

In addition, our current or past ownership, operation and leasing of real property, and our current or past transportation and other operations, are subject to extensive and evolving federal, state and local environmental laws and other regulations. The provisions and enforcement of these environmental laws and regulations may become more stringent in the future. Violations of these laws and regulations can result in:

- civil penalties;
- remediation expenses;
- natural resource damages;
- personal injury damages;
- potential injunctions;
- cease and desist orders; and
- criminal penalties.

In addition, some of these environmental laws impose strict liability, which means that we may be held liable for any environmental damage on our property regardless of fault.

Some of our past and present real property, particularly properties used in connection with our previous transportation and papermill operations, were involved in the storage, use or disposal of hazardous substances that have contaminated and may in the future contaminate the environment. We may bear liability for this contamination and for the costs of cleaning up a site at which we have disposed of, or to which we have transported, hazardous substances. The presence of hazardous substances on a property may also adversely affect our ability to sell or develop the property or to borrow funds using the property as collateral.

Changes in laws or the interpretation thereof, new enforcement of laws, the identification of new facts or the failure of other parties to perform remediation at our current or former facilities could lead to new or greater liabilities that could materially adversely affect our business, results of operations, cash flows or financial condition.

From time to time, we may be subject to periodic litigation and other regulatory proceedings which could impair our financial results of operations.

From time to time, we may be involved in lawsuits and regulatory actions relating to our business, our operations and our position as an owner and operator of real estate. An adverse outcome in any of these transactions could adversely affect our financial condition, our results of operations or impose additional restrictions or limitations on us. In addition, regardless of the outcome of any litigation or regulatory proceedings, these proceedings could result in substantial costs and may require that we devote substantial resources to defend our Company. For example, on October 27, 2015, we fully resolved an SEC investigation regarding our policies and practices concerning impairment of investment in real estate assets principally as reflected in our financial results for 2010, 2009 and prior periods. The settlement and all allegations relate to actions taken prior to the 2011 replacement of the Board of Directors, the Chief Executive Officer and the Chief Financial Officer. None of the SEC's allegations, findings, sanctions, remedies or orders relate to any of our current directors or controlling shareholders. Without admitting or denying any factual allegations, we consented to the SEC’s issuance of an administrative order, and as a result, we became an “ineligible issuer” under Rule 405 of the Securities Act. Pursuant to the order, we agreed to pay penalties, disgorgements and interest of approximately $3.5 million. In connection with the SEC investigation we also incurred significant legal expenses and devoted substantial management resources to its resolution. If we were to become subject to other litigation or regulatory proceedings in the future, it could impair our financial results of operations.

Limitations on the access to the airport runway at the new Northwest Florida Beaches International Airport may have an adverse effect on the demand for our Bay-Walton Sector Plan lands adjacent to the airport.

Our land donation agreement with the airport authority and the deed for the airport land provide access rights to the airport runway from our adjacent lands. We subsequently entered into an access agreement with the airport authority that provides access to the airport runway. Under the terms of the access agreement, we are subject to certain requirements of the airport authority, including but not limited to the laws administered by the Federal Aviation Administration (the “FAA”), the Florida Department of Environmental Protection, the U.S. Army Corps of Engineers, and Bay County. Should security measures at airports become more restrictive in the future due to circumstances beyond our control, FAA regulations governing these access rights may impose additional limitations that could significantly impair or restrict access rights.

In addition, we are required to obtain environmental permits from the U.S. Army Corps of Engineers and Florida’s Department of Environmental Protection in order to develop the land necessary for access from our planned areas of commercial development to the airport runway. Such permits are often subject to a lengthy approval process, and there can be no assurance that such permits will be issued, or that they will be issued in a timely manner.

We believe that runway access is a valuable attribute of some of our Bay-Walton Sector Plan lands adjacent to the airport, and the failure to maintain such access, or the imposition of significant restrictions on such access, could adversely affect the demand for such lands and our business, results of operations, cash flows and financial condition.

Weather and other natural conditions and regulatory requirements may limit our ability to sell timber, which could adversely affect our operations.

Weather conditions, timber growth cycles, access limitations (for example, restrictions on access to timberlands due to prolonged wet conditions) and regulatory requirements associated with the protection of wildlife and water resources may restrict our ability to sell timber. In addition, our timber is subject to damage by fire, insect infestation, disease, prolonged drought, flooding and other natural disasters. Changes in global climate conditions could intensify one or more of these factors. Although damage from such natural causes usually is localized and affects only a limited percentage of the timber, there can be no assurance that any damage affecting our timberlands will in fact be so limited. As is common in the forestry industry, we do not maintain insurance coverage with respect to damage to our timberlands. Our results of operations and cash flows may therefore be materially adversely affected if we are unable to sell our timber at adequate levels or if demand decreases due to an increase in our prices as a result of any of these factors.

We face risks associated with third-party service providers, which could negatively impact our profitability.

We enter into arrangements from time to time by which third-party service providers conduct day-to-day operations of our resorts and leisure operations. Failure of such service providers to adequately perform their contracted services could negatively impact our ability to retain customers. As a result, any such failure could negatively impact our results of operations, cash flows and financial condition.

Risks Related to Our Company or Common Stock

The market price of our common stock has been, and may continue to be, highly volatile.

The market price of our common stock on the New York Stock Exchange has been volatile in recent years. We may continue to experience significant volatility in the market price of our common stock. Numerous factors could have a significant effect on the price of our common stock, including:

- announcements of fluctuations in our operating results;
- other announcements concerning our Company or business, including acquisitions or litigation announcements;
- changes in market conditions in Northwest Florida or the real estate or real estate development industry in general;
- changes in recommendations or earnings estimates by securities analysts; and
- less volume due to reduced shares outstanding.

In addition, the stock market has experienced significant price and volume fluctuations in recent years, which have sometimes been unrelated or disproportionate to operating performance. Volatility in the market price of our common stock could cause shareholders to lose some or all of their investment in our common stock.

The Fairholme Funds or Fairholme Capital has the ability to influence major corporate decisions.

Bruce R. Berkowitz, the Chairman of our Board of Directors, is the Managing Member of Fairholme Capital, and the President of Fairholme Funds, Inc. Fairholme Funds has the right to vote, as of December 31, 2015, approximately 30.7% of our outstanding common stock. Fairholme Capital is the investment adviser of accounts that in the aggregate owns, as of December 31, 2015, an additional 1.8% of our common stock. Accordingly, Fairholme Funds and Fairholme Capital are in a position to influence:

- the vote of most matters submitted to our shareholders, including any merger, consolidation or sale of all or substantially all of our assets;
- the nomination of individuals to our Board of Directors; and
- a change in our control.

These factors may discourage, delay or prevent a takeover attempt that shareholders might consider in their best interests or that might result in shareholders receiving a premium for their common stock. Our articles of incorporation and certain provisions of Florida law contain anti-takeover provisions that may make it more difficult to effect a change in our control.

The loss of the services of our key management, personnel or our ability to recruit staff could adversely affect our business.

Our ability to successfully implement our business strategy will depend on our ability to attract and retain experienced and knowledgeable management and other professional staff. We cannot assure you that we will be successful in attracting and retaining key management personnel.

Changes in our income tax estimates could materially impact our results of operations, cash flows and financial condition.

In preparing our Consolidated Financial Statements, significant management judgment is required to estimate our income taxes. 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. The temporary differences result in deferred tax assets and liabilities, which are included in our Consolidated Balance Sheets. Adjustments may be required by a change in assessment of our deferred tax assets and liabilities, changes due to audit adjustments by federal and state tax authorities, and changes in tax laws and rates. To the extent adjustments are required in any given period, we include the adjustments in the deferred tax assets and liabilities in our Consolidated Financial Statements. These adjustments could materially impact our results of operations, cash flows and financial condition.

We may not be able to utilize our net state operating loss carryforwards.

In prior years, we have suffered losses, for tax and financial statement purposes, which generated significant state net operating loss carryforwards. While we utilized a portion of our state net operating loss carryforwards as a result of the AgReserves Sale in 2014, we still have a significant amount of state net operating loss carryforwards. These may be used against future taxable income in future periods; however, we will not receive any tax benefits with regard to tax losses incurred except to the extent we have taxable income in the remaining net operating loss carryforward period. Based on the timing of reversals of our existing taxable temporary differences and our history of losses, management does not believe that the requirements to realize the benefits of certain of our deferred tax assets have been met; therefore, we have maintained a valuation allowance against a portion of our deferred tax assets in our Consolidated Financial Statements as of December 31, 2015. Unless we generate more income in the future than presently estimated, we will not be able to utilize all of our net state operating loss carryforwards.

We have had to take significant impairments of the carrying value of our investments in real estate and a decline in real estate values or continuing operating losses in our operating properties could result in additional impairments, which would have an adverse effect on our results of operations and financial condition.

Over the past five years, we have recorded impairment charges of $384.4 million related to real estate investments. We have approximately $313.6 million of real estate investments recorded on our books that may be subject to impairment. If market conditions were to deteriorate, our estimate of undiscounted future cash flows could fall below their carrying value and we could be required to take further impairments, which would have an adverse effect on our results of operations and financial condition.

Changes in accounting pronouncements could adversely affect our reported operating results, in addition to the reported financial performance of our tenants.

Accounting policies and methods are fundamental to how we record and report our financial condition and results of operations. Uncertainties posed by various initiatives of accounting standard-setting by the Financial Accounting Standards Board and the Securities and Exchange Commission, which create and interpret applicable accounting standards for U.S. companies, may change the financial accounting and reporting standards or their interpretation and application of these standards that govern the preparation of our financial statements. Proposed changes include, but are not limited to, changes in lease accounting and the adoption of accounting standards that establish the principles used to recognize revenue for all entities. These changes and others could have a material impact on our reported financial condition and results of operations. In some cases, we could be required to apply a new or revised standard retroactively, resulting in potentially material restatements of prior period financial statements.

Failure to maintain the integrity of internal or customer data could result in faulty business decisions, damage of reputation and/or subject us to costs, fines or lawsuits.

We face risks associated with security breaches or disruptions, whether through cyber-attacks or cyber intrusions over the Internet, malware, computer viruses, attachments to emails, persons inside our organization or persons with access to systems, and other significant disruptions of our networks and related systems. For a number of years, we have been increasing our reliance on computers and digital technology. While all of our businesses and our internal employment records require the collection of digital information, our resorts and leisure businesses, in particular, require the collection and retention of large volumes of internal and customer data, including credit card numbers and other personally identifiable information of our customers as such information is entered into, processed, summarized, and reported by the various information systems we use. All of these activities give rise to material cyber risks and potential costs and consequences that cannot be estimated or predicted with any certainty. The integrity and protection of our customer, employee and other company data, is critical to us. Although we make efforts to maintain the security and integrity of these networks and related systems, and we have implemented various measures to manage the risk of a security breach or disruption, there can be no assurance that our security efforts and measures will be effective or that attempted security breaches or disruptions would not be successful or damaging. Even the most well protected information, networks, systems and facilities remain potentially vulnerable because the techniques used in such attempted security breaches evolve and generally are not recognized until launched against a target, and in some cases are designed not be detected and, in fact, may not be detected. Accordingly, we and our service providers may be unable to anticipate these techniques or to implement adequate security barriers or other preventative measures, and thus it is impossible for us and our service providers to entirely mitigate this risk. Our failure to maintain the security of the data which we are required to protect, including via the penetration of our network security and the misappropriation of confidential and personal information, could result in business disruption, damage to our reputation, fines, penalties, regulatory proceedings, and other severe financial and business implications.

Item 1B. ***Unresolved Staff Comments***

None.

Item 2. ***Properties***

We own our principal executive offices located in WaterSound, Florida. As of December 31, 2015, we owned approximately 178,000 acres, the majority of which were located in Northwest Florida. Our raw land assets are managed by us as timberlands until designated for development. In addition, our resorts and leisure, and leasing segments include the following properties:

WaterColor Inn and Vacation Rentals. We own the WaterColor Inn and Resort, which includes a boutique hotel, spa, restaurant, and retail and commercial space. We completed construction for the WaterColor Inn in 2002. In addition, we own multi-family units that are used primarily in our vacation rental business in our WaterSound Beach and WindMark Beach communities. We completed construction on these multi-family units during 2008 and 2009. We generally do not own the homes included in our vacation rental program and instead enter into a rental agreement with the homeowner.

Clubs and Resorts. We own four golf courses in Northwest Florida. Three of them are in the Panama City Beach, Florida, area and the fourth is located in Tallahassee. The golf courses are situated in or near our residential communities. Our golf course property primarily includes the golf course land, clubhouses, other buildings and equipment. We also own and operate two marinas. Our marina property primarily includes land and improvements, marina slips and equipment.

Leasing. We own the property included in our leasing operations business, which includes our retail and commercial leasing. Our retail leasing business principally arose in connection with the growth in our residential developments. We have several small retail shopping centers located in or very near to some of our residential projects, such as the WaterColor, WaterSound Beach, SouthWood and WindMark Beach communities. The success of these small retail centers is closely tied to the success of the residential developments from which they draw their customers.

Pier Park North. In addition, our commercial leasing operations include our Pier Park North joint venture. Our Pier Park North joint venture includes a 330,000 square foot retail center in Panama City Beach, which we are developing with Casto, our joint venture partner and one of the country’s leading developers of neighborhood and community retail centers. We began to develop and construct the Pier Park North retail center in early 2013 and expect to complete construction in 2016. As of February 1, 2016, approximately 287,000 square feet of retail space was leased, which included key tenants such as Dick’s Sporting Goods, Fresh Market, World Market, Bed Bath & Beyond, Michaels, Pet Smart, Bealls Outlet Store and Ross Dress for Less.

VentureCrossings. We built and own a 105,000 square foot building with manufacturing and office space in VentureCrossings and lease the facility to the Harris Corporation under a long-term lease that commenced in 2012.

For more information on our real estate assets, see “Item 1. Business” and “Schedule III (Consolidated) - Real Estate and Accumulated Depreciation” included in the Schedules to the Consolidated Financial Statements included in Item 15 of this Form 10-K for further information.

Item 3. *Legal Proceedings*

We are subject to a variety of litigation, claims, other disputes and governmental proceedings that arise from time to time in the ordinary course of our business, none of which we believe will have a material adverse effect on our consolidated financial position, results of operations or liquidity.

In addition, we are subject to environmental laws and regulations, which include obligations to remove or limit the effects on the environment of the disposal or release of certain wastes or substances at various sites, including sites which have been previously sold. Refer to Note 21, *Commitments and Contingencies*, for further discussion.

Securities and Exchange Commission Investigation

On January 4, 2011 we received notice from the Staff of the SEC of the initiation of an inquiry into our policies and practices concerning impairment of investment in real estate assets and on June 24, 2011 the SEC issued to us a related order of private investigation. On January 20, 2015, we received a Wells Notice from the Staff related to historical accounting and disclosure practices and real estate asset valuations principally as reflected in our financial results for 2010, 2009 and prior periods. On February 20, 2015, we submitted to the Staff a Wells submission and subsequently engaged in discussions with the Staff concerning a settlement of its investigation, with which we cooperated.

On October 27, 2015, we fully resolved the SEC investigation and entered into a settlement with the SEC. Without admitting or denying any factual allegations, we consented to the SEC’s issuance of an administrative order pursuant to which we agreed to pay penalties, disgorgements and interest of approximately $3.5 million, including a civil penalty assessed on us of $2.75 million and other disgorgements and interest subject to indemnification by us. The settlement and all allegations relate to actions taken prior to the 2011 replacement of the Board of Directors, the Chief Executive Officer and the Chief Financial Officer. None of the SEC's allegations, findings, sanctions, remedies or orders relate to any of our current directors or controlling shareholders.

Item 4. *Mine Safety Disclosures*

Not applicable.

PART II

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

On February 26, 2016 we had approximately 1,104 registered holders of record of our common stock. Our common stock is listed on the New York Stock Exchange (“NYSE”) under the symbol “JOE.”

The ranges of high and low prices for our common stock as reported on the NYSE are set forth below:

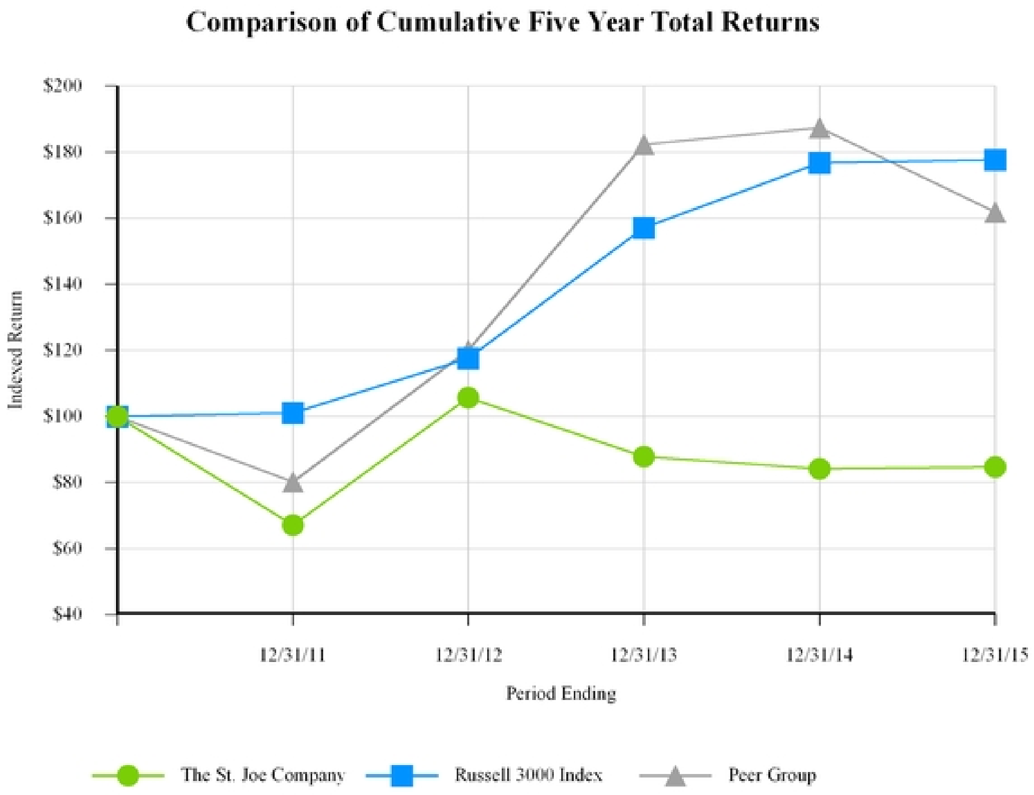
	Common Stock Price	
	High	Low
2015		
Fourth Quarter	$ 21.45	$ 17.95
Third Quarter	$ 19.13	$ 15.70
Second Quarter	$ 19.03	$ 15.07
First Quarter	$ 18.56	$ 16.16
2014		
Fourth Quarter	$ 20.10	$ 17.55
Third Quarter	$ 26.21	$ 19.93
Second Quarter	$ 26.20	$ 17.85
First Quarter	$ 19.61	$ 17.78

On February 26, 2016, the closing price of our common stock on the NYSE was $15.49. We did not pay cash dividends in 2015 or 2014 and retained future earnings to fund the development and growth of our business or other uses.

The following performance graph compares our cumulative shareholder returns for the period December 31, 2010, through December 31, 2015, assuming $100 was invested on December 31, 2010, in our common stock, in the Russell 3000 Index, and the below custom peer group of real estate related companies, which is composed of the following companies:

Alexander & Baldwin Inc (ALEX)
Consolidated Tomoka-Land Co. (CTO)
First Hartford Corp (FHRT)
Tejon Ranch Co. (TRC)
AV Homes Inc (AVHI)
Homefed Corp (HOFD)
The Howard Hughes Corp (HHC)
Maui Land & Pineapple Co Inc. (MLP)
Stratus Properties Inc (STRS)

The total returns shown assume that dividends are reinvested. The stock price performance shown below is not necessarily indicative of future price performance.



	12/31/2010	12/31/2011	12/31/2012	12/31/2013	12/31/2014	12/31/2015
The St. Joe Company	$ 100	$ 67.09	$ 105.63	$ 87.83	$ 84.16	$ 84.71
Russell 3000 Index	$ 100	$ 101.03	$ 117.61	$ 157.07	$ 176.79	$ 177.64
Custom Real Estate Peer Group*	$ 100	$ 80.24	$ 120.05	$ 182.35	$ 187.43	$ 161.90

* The total return for the Custom Real Estate Peer Group was calculated using an equal weighting for each of the stocks within the peer group.

Item 6. *Selected Financial Data*

The following table sets forth our Selected Consolidated Financial Data on a historical basis for the five years ended December 31, 2015. This information should be read in conjunction with our consolidated financial statements (including the related notes thereto) and Management's Discussion and Analysis of Financial Condition and Results of Operations, each included elsewhere in this Form 10-K. This historical Selected Consolidated Financial Data has been derived from our audited consolidated financial statements.

	Year Ended December 31,				
	2015	2014	2013	2012	2011
	In thousands, except per share amounts				
Statement of Operations Data:					
Total revenues [1][2]	$ 103,871	$ 701,873	$ 131,256	$ 139,396	$ 145,285
Total cost of revenues [3][4]	67,094	136,798	86,913	91,276	71,472
Other operating and corporate expenses	33,426	26,128	27,855	30,326	50,037
Pension charges	—	13,529	1,500	2,999	5,871
Costs associated with special purpose entities [5]	—	3,746	—	—	—
Depreciation, depletion and amortization	9,486	8,422	9,131	10,110	15,840
Impairment losses	—	—	5,080	2,551	377,325
Restructuring	—	—	—	—	11,547
Total expenses	110,006	188,623	130,479	137,262	532,092
Operating (loss) income	**(6,135)**	**513,250**	**777**	**2,134**	**(386,807)**
Other income	4,972	8,571	3,668	4,289	934
(Loss) income before equity in (loss) income from unconsolidated affiliates and income taxes	(1,163)	521,821	4,445	6,423	(385,873)
Equity in (loss) income from unconsolidated affiliates	—	(32)	112	(46)	(93)
Income tax (expense) benefit	(808)	(115,507)	409	(387)	55,658
Net (loss) income	**(1,971)**	**406,282**	**4,966**	**5,990**	**(330,308)**
Net loss attributable to non-controlling interest	240	171	24	22	29
Net (loss) income attributable to the Company	**$ (1,731)**	**$ 406,453**	**$ 4,990**	**$ 6,012**	**$ (330,279)**
Per Share Data:					
Basic and Diluted					
Net (loss) income attributable to the Company	**$ (0.02)**	**$ 4.40**	**$ 0.05**	**$ 0.07**	**$ (3.58)**

(1) Total revenues include revenues from real estate sales, timber sales, resorts and leisure revenues, and leasing revenues.

(2) Total revenues in 2014 include $570.9 million from the AgReserves Sale and $43.6 million from the RiverTown Sale. Refer to Note 5, *Real Estate Sales* included in the Notes to the Consolidated Financial Statements included in Item 15 of this Form 10-K for further discussion.

(3) Total cost of revenues includes cost of revenues from real estate sales, timber sales, resorts and leisure revenues, and leasing revenues.

(4) Total cost of revenues in 2014 includes $58.4 million from the AgReserves Sale and $17.6 million from the RiverTown Sale. Refer to Note 5, *Real Estate Sales* included in the Notes to the Consolidated Financial Statements included in Item 15 of this Form 10-K for further discussion.

(5) Refer to Note 5, *Real Estate Sales* included in the Notes to the Consolidated Financial Statements included in Item 15 of this Form 10-K for further discussion on our special purpose entities.

	As of December 31,				
	2015	2014	2013	2012	2011
			In thousands		
Balance Sheet Data:					
Investment in real estate, net	$ 313,599	$ 321,812	$ 385,009	$ 370,647	$ 387,202
Cash and cash equivalents	$ 212,773	$ 34,515	$ 21,894	$ 165,980	$ 162,391
Investments	$ 191,240	$ 636,878	$ 146,972	$ —	$ —
Property and equipment, net	$ 10,145	$ 10,203	$ 11,410	$ 12,149	$ 14,946
Total assets	$ 984,813	$ 1,303,135	$ 669,472	$ 645,521	$ 661,291
Long-term debt (1)	$ 48,132	$ 31,618	$ 6,445	$ —	$ —
Senior Notes held by special purpose entity (2)	$ 177,445	$ 177,341	$ —	$ —	$ —
Total debt	$ 232,639	$ 241,145	$ 44,217	$ 36,062	$ 53,458
Total equity	$ 673,447	$ 979,701	$ 563,525	$ 552,334	$ 543,892

(1) Long-term debt includes the Pier Park North Refinanced Loan held by our Pier Park North joint venture.

(2) Refer to Note 5, *Real Estate Sales* included in the Notes to the Consolidated Financial Statements included in Item 15 of this Form 10-K for further discussion on our special purpose entities.

Item 7. *Management's Discussion and Analysis of Financial Condition and Results of Operations*

Business Overview

We are a real estate development, asset management and operating company with real estate assets and operations currently concentrated primarily between Tallahassee and Destin, Florida, which we predominantly use, or intend to use, for or in connection with, our various residential or commercial real estate developments, resorts and leisure operations, and leasing operations or our forestry operations on a limited basis.

We have significant residential and commercial land-use entitlements in hand or in process. We seek higher and better uses for our real estate assets through a range of activities from strategic land planning and development, infrastructure improvements and promoting economic development in the regions where we operate. We may explore the sale of such assets opportunistically or when we believe that we can better deploy those resources.

We received significant liquid assets as a result of the AgReserves Sale and RiverTown Sale in 2014. During the year ended December 31, 2015, we repurchased a total of approximately 17.0 million shares of our common stock outstanding for a total price of $305.0 million, including costs, pursuant to a tender offer and open market purchases. In October 2015, the Board of Directors authorized an additional $200.0 million for share repurchases, for a total of $205.7 million available as of December 31, 2015. We may repurchase our outstanding common stock in open market purchases from time to time pursuant to Rule 10b-18, in privately negotiated transactions or otherwise. We will continue to seek additional opportunities to invest the remaining funds that could increase our returns. These investments may include longer term commercial or residential real estate or real estate related investments (in which we may play an active or passive role), investments in real estate investments trusts, and other investments in illiquid securities where we believe we can increase our returns.

Segments

As of December 31, 2015, we have the following five operating segments: 1) residential real estate, 2) commercial real estate, 3) resorts and leisure 4) leasing operations and 5) forestry. Commencing in the first quarter of 2015, our leasing operations segment met the quantitative and qualitative factors as a reportable operating segment; therefore, we changed our segment presentation to include leasing operations as an operating segment. Prior to the first quarter of 2015, leasing operations were historically included with our resorts, leisure and leasing operating segment. All prior year segment information has been reclassified to conform to the 2015 presentation. The change in reporting segments had no effect on the Consolidated Balance Sheets, Statements of Operations, Statements of Comprehensive (Loss) Income or Statements of Cash Flows for the periods presented.

The table below sets forth the relative contribution of these operating segments to our consolidated operating revenues, excluding revenues of $570.9 million related to the AgReserves Sale and revenues of $43.6 million related to the RiverTown Sale during 2014:

	2015	2014	2013
Segment Operating Revenues			
Residential real estate	20.4%	20.4%	25.7%
Commercial real estate	6.9%	3.7%	8.3%
Resorts and leisure	52.5%	55.4%	35.4%
Leasing operations	8.6%	8.0%	3.3%
Forestry	11.6%	12.1%	27.0%
Other	—%	0.4%	0.3%
Consolidated operating revenues	100.0%	100.0%	100.0%

Residential Real Estate

Our residential real estate segment typically plans and develops mixed-use resort, primary residential and seasonal residential communities of various sizes, primarily on our existing land. The following is a description of some of our major residential development communities in Florida that we are currently in the process of planning or developing:

The Watersound Origins community is a residential community in South Walton County, Florida with direct access to Lake Powell. The project has received government approval for approximately 1,074 single family units with an additional multi-family component, however, the actual amount of units that we ultimately approve for development will depend on our development strategy, the extent to which the anticipated returns of the project meets our investment return criteria, and the availability of capital resources to fund such development. The Watersound Origins community includes a six-hole golf course that is operated by our Resorts and Leisure segment.

The Breakfast Point community is a residential community in Panama City Beach, Florida near the Pier Park retail center. The project has received government approval for 368 single family units, however, the actual amount of units that we ultimately approve for development will depend on our development strategy, the extent to which the anticipated returns of the project meets our investment return criteria, and the availability of capital resources to fund such development.

The SouthWood community is a large scale, mixed use development community located in the southeastern section of Tallahassee. The project has received government approval for 4,770 residential units, including 2,074 single family residences and 2,696 multi-family units, however, the actual amount of units that we ultimately approve for development will depend on our development strategy, the extent to which the anticipated returns of the project meets our investment return criteria, and the availability of capital resources to fund such development. SouthWood also includes an 18-hole golf course and club and a town center with restaurants, retail shops and offices. The SouthWood Golf Club is operated by our Resorts and Leisure segment and a portion of the towncenter is leased and operated by our Leasing segment.

We have other residential communities, such as the WaterColor, WaterSound Beach, WaterSound West Beach and other communities that are substantially developed. The remaining developed and available homesites in those other communities are available for sale.

In addition, the Bay-Walton Sector Plan was officially adopted by Bay County and Walton County in May 2015 and was found in compliance with state law and is therefore in effect as of June 2015. The Bay-Walton Sector Plan is a long term master plan that includes entitlements, or legal rights, to develop over 170,000 residential units and over 22 million square feet of retail, commercial, and industrial uses on approximately 110,500 acres of our land holdings. We anticipate a wide range of residential and commercial uses on these land holdings, including some portion of these entitlements serving the active adult retirement market. We believe that there is a growing retirement demographic in Northwest Florida and that our development experience and the location, size and contiguous nature of our Florida land holdings provide us with strategic opportunities in this demographic. As is true with all of our projects, what will actually be developed will be a function of more detailed planning, analysis, and market conditions, which will occur over time.

Our residential real estate segment generates revenues primarily from the sale of developed homesites; the sale of parcels of entitled, undeveloped land; a lot residual on homebuilder sales that provides us a percentage of the sale price of the completed home if the home price exceeds a negotiated threshold; the sale of impact fee credits; marketing fees and other fees on certain transactions.

Our residential real estate segment incurs cost of revenues primarily from costs directly associated with the land, development and construction of real estate sold and indirect costs such as development overhead, capitalized interest, marketing, project administration, and selling costs.

Commercial Real Estate

In our commercial real estate segment we plan, develop and entitle our land holdings for a variety of uses including a broad range of retail, office, hotel and industrial uses. We sell land for commercial and light industrial uses. From time to time, our commercial real estate segment also evaluates opportunities to maximize value by selling some of our resorts, leisure or operating properties.

Our commercial real estate segment generates revenues from the sale of developed and undeveloped land for retail, office, hotel and industrial uses, from the sale of undeveloped land or land with limited development and easements and the sale of commercial operating properties. Our commercial real estate segment incurs costs of revenues from costs directly associated with the land, development, construction and selling costs.

Resorts and Leisure

Our resorts and leisure segment generates revenues primarily from the WaterColor Inn and vacation rental programs, four golf courses, marina operations and other related resort activities.

WaterColor Inn, Vacation Rentals and Other Management Services - Our WaterColor Inn and vacation rentals generate revenue from (1) the WaterColor Inn and Resort, (2) our management of The Pearl Hotel, (3) our vacation rental businesses and (4) our restaurants. The WaterColor Inn incurs expenses from the cost of services and goods provided, personnel costs and third party management fees. Revenues generated for our management services of The Pearl Hotel include a management fee, fifty percent of certain resort fees and a percentage of The Pearl Hotel's gross operating profit. Expenses include primarily internal administrative costs. Our vacation rental business generates revenues from the rental of private homes and other services, which includes the entire rental fee collected from the customer, including the homeowner's portion. A percentage of the fee is remitted to the homeowner and presented in the cost of resorts and leisure revenues. The vacation rental business also incurs expenses from standard lodging personnel, such as front desk, reservations and marketing.

Clubs and Resorts - Our clubs and resorts operations include our golf courses and resort facilities that generate revenues from memberships, daily play at those golf courses that are not part of our St. Joe Club & Resorts, merchandise sales and food and beverage sales and incur expenses from the services provided, maintenance of the golf course facilities, personnel costs and third party management fees.

St. Joe Club & Resorts is our private membership club that provides members, participating homeowners and their rental guests access to our clubs. The focus is on creating a world class membership experience combined with the all-inclusive aspects of a four star/four diamond resort. This allows the company to provide membership and create a competitive advantage in the lodging business.

Marinas - Our marinas generate revenues from boat slip rentals and fuel sales, and incur expenses from cost of services provided, maintenance of the marina facilities, personnel costs and third party management fees.

Leasing Operations

Our leasing operations generate revenues from leasing retail and commercial property, including properties located in our consolidated joint venture at Pier Park North and our industrial park, VentureCrossings, and incur expenses primarily from maintenance and management of these properties and personnel costs. Our Pier Park North joint venture also incurred interest and financing expenses related to its loan. In October 2015, our Pier Park North joint venture refinanced its construction loan and entered into a $48.2 million loan and will incur interest and financing expenses related to the loan as described in Note 9, *Real Estate Joint Ventures*.

Forestry

Our forestry segment focuses on the management of our timber holdings in Northwest Florida. We grow and sell sawtimber, wood fiber and forest products and provide land management services for conservation properties. We generate revenue from our forestry segment primarily from open market sales of timber. We sell product on site without the associated delivery costs. Our forestry segment generates revenues from the sale of wood fiber, sawtimber, standing timber and forest products and conservation land management services. Our forestry segment incurs costs of revenues from internal costs of forestry management and property taxes.

Our forestry segment may also generate revenues from the sale of our timber holdings, undeveloped land or land with limited development and easements. Costs incurred as part of a sale of these lands may include the cost of timber, land, minimal development costs and selling costs.

Factors Affecting Comparability

AgReserves Sale

On March 5, 2014, we completed the sale to AgReserves, Inc. of approximately 380,000 acres of land located in Northwest Florida along with certain other assets, inventory and rights under certain continuing leases and contracts (the “AgReserves Sale”) for $562 million and recorded pre-tax income of $511.1 million for the AgReserves Sale, which includes $1.2 million of severance costs recorded in Other operating and corporate expenses during 2014. As a result of certain adjustments to the purchase price, consideration received for the AgReserves Sale was (1) $358.5 million in cash, (2) a $200 million fifteen year installment note (the “Timber Note”) issued by a buyer-sponsored special purpose entity (the “Buyer SPE”) and (3) an Irrevocable Standby Letter of Credit (the “Letter of Credit”) at the request of the Buyer SPE, in favor of us.

In April 2014, we contributed the Timber Note and assigned our rights as a beneficiary under the Letter of Credit to Northwest Florida Timber Finance, LLC, a bankruptcy-remote, qualified special purpose entity wholly owned by us (“NFTF”). NFTF monetized the Timber Note by issuing $180 million aggregate principal amount of its 4.750% Senior Secured Notes due 2029 (the “Senior Notes”) at an issue price of 98.483% of the face value to third party investors. The Senior Notes are payable only from the property of NFTF, which consists solely of (i) the Timber Note, (ii) the Letter of Credit, (iii) any cash, securities and other property in certain NFTF accounts, (iv) the rights of NFTF under the contribution agreement with us (which was solely to contribute the Timber Note and the Letter of Credit) and (v) any proceeds relating to the property listed in (i) through (iv) above. The investors holding the Senior Notes of NFTF have no recourse against us for payment of the Senior Notes or the related interest expense.

We received $165.0 million in cash, net of $15.0 million in costs, from the monetization and expect to receive the remaining $20.0 million upon maturity of the Timber Note in 2029 and after payment of the Senior Notes and any other liabilities of NFTF. The $15.0 million of costs from the monetization include (1) a total of $4.3 million for the discount and issuance costs for the Senior Notes, which will be amortized over the term of the Senior Notes, (2) $7.0 million for U.S. Treasury securities and cash that we contributed to NFTF to be used for interest and operating expenses over the fifteen year period and which are recorded in Investments held by special purpose entities on our Consolidated Balance Sheets and (3) $3.7 million of costs related to the monetization that were expensed during 2014 and are recorded in Administrative costs associated with special purpose entities on our Consolidated Statements of Operations.

RiverTown Sale

On April 2, 2014, we completed a sale to an affiliate of Mattamy (Jacksonville) Partnership d/b/a Mattamy Homes (“Mattamy”) of approximately 4,057 acres of real property, which constitutes the RiverTown community in St. Johns County, Florida, along with all of the Company’s related development or developer rights, founder’s rights and certain tangible and intangible personal property in exchange for $43.6 million, the assumption of $11.0 million of associated community development district assessments and the obligation to purchase certain RiverTown community related impact fee credits from us as the RiverTown community is developed. Based on Mattamy’s current development plans and St. Johns County’s current costs for impact fees, we may receive approximately $20 million to $26 million for the impact fees over the five-year period following the closing of the 2014 sale to Mattamy (most of which, we expect to receive at the end of that five-year period). However, the actual additional consideration received for the impact fees, will be based on Mattamy’s actual development of the RiverTown community, the timing of Mattamy’s development of the RiverTown community and the impact fee rates at the time of such development (as determined by St. Johns County’s then current impact fee rate schedule), which are all factors beyond our control. We cannot provide any assurance as to the amount or timing of any payments it may receive for the impact fees. We received $0.1 million for these impact fees during 2015 and 2014.

We recorded net earnings of $26.0 million before income taxes for the RiverTown Sale during the second quarter of 2014.

Results of Operations

Consolidated Results

Revenues and expenses. The following table sets forth a comparison of the results of our operations for the three years ended December 31, 2015:

	2015	2014	2013
		In millions	
Revenues:			
Real estate sales	$ 33.7	$ 635.0	$ 45.1
Resorts and leisure revenues	54.5	48.4	46.4
Leasing revenues	9.0	7.0	4.3
Timber sales	6.7	11.5	35.5
Total	103.9	701.9	131.3
Expenses:			
Cost of real estate sales	16.4	87.1	24.7
Cost of resorts and leisure revenues	47.1	42.9	39.0
Cost of leasing revenues	2.8	2.3	1.7
Cost of timber sales	0.8	4.5	21.5
Other operating and corporate expenses	33.4	26.2	27.8
Pension charges	—	13.5	1.5
Administrative costs associated with special purpose entities	—	3.7	—
Depreciation, depletion and amortization	9.5	8.4	9.1
Impairment losses	—	—	5.1
Total	110.0	188.6	130.4
Operating (loss) income	**(6.1)**	**513.3**	**0.9**
Other income (expense):			
Investment income, net	22.7	12.7	1.5
Interest expense	(11.4)	(8.6)	(2.0)
Other, net	(6.3)	4.4	4.2
Total other income	5.0	8.5	3.7
(Loss) income before equity in income from unconsolidated affiliates and income taxes	**(1.1)**	**521.8**	**4.6**
Equity in income from unconsolidated affiliates	—	—	0.1
Income tax (expense) benefit	(0.8)	(115.5)	0.4
Net (loss) income	**$ (1.9)**	**$ 406.3**	**$ 5.1**

Real Estate Sales and Gross Margin.

	2015	% (1)	2014	% (1)	2013	% (1)
			Dollars in millions			
Revenues:						
Residential real estate sales	$ 21.2	62.9%	$ 17.9	2.8%	$ 33.8	74.9%
RiverTown Sale	—	—%	43.6	6.9%	—	—%
Commercial real estate sales	7.2	21.4%	3.3	0.5%	10.9	24.2%
AgReserves and other rural land sales	5.3	15.7%	570.2	89.8%	0.4	0.9%
Real estate sales	$ 33.7	100.0%	$ 635.0	100.0%	$ 45.1	100.0%
Gross profit:						
Residential real estate sales	$ 10.3	48.6%	$ 8.0	44.7%	$ 14.4	42.6%
RiverTown Sale	—	—%	26.0	59.6%	—	—%
Commercial real estate sales	2.2	30.6%	2.3	69.7%	5.6	51.4%
AgReserves and other rural land sales	4.8	90.6%	511.6	89.7%	0.4	100.0%
Gross profit	$ 17.3	51.3%	$ 547.9	86.3%	$ 20.4	45.2%

(1) Calculated percentage of total real estate sales and the respective gross profit percentage.

Real Estate Sales. Residential real estate sales revenue increased $3.3 million, or 18%, to $21.2 million during 2015, as compared to $17.9 million during 2014. This increase is primarily due to increased volume in our primary home communities and a sale of one resort home offset by a reduction in sales in our resort home communities due to lower homesite availability. Commercial real estate sales increased $3.9 million, or 118%, to $7.2 million during 2015, as compared to $3.3 million during 2014, primarily due to three commercial real estate transactions in 2015 totaling 13.6 acres.

Our customer base for residential real estate sales is shifting from being primarily retail based to being more weighted towards homebuilders. Homebuilders generally buy more homesites in a single transaction but tend to buy on a more sporadic basis, and we believe we will continue to experience greater volatility in the consistency and pace of our residential real estate sales. In addition, as the mix of homesites that we sell has shifted to homesites in our primary communities, which typically have a lower price and gross profit margin than homesites in our resort communities, we may experience a decrease in our gross profit margin from residential real estate sales.

During 2015, we sold approximately 3,330 acres of rural and timber land for $5.3 million. Revenues from rural land and commercial real estate can vary drastically from period to period. As a result of the AgReserves Sale, we do not expect to have substantial revenues from sales of our timber or rural lands in the future, which typically yield higher gross profit margins than residential and commercial real estate sales. Thus our gross profit margins may decrease in the future.

Included in revenues from real estate sales for 2014 is revenue of $569.7 million for the AgReserves Sale and revenue of $43.6 million for the RiverTown Sale. The AgReserves Sale included the recognition of $11.0 million of revenue which had been previously recorded as deferred revenue in connection with a 2006 agreement with the Florida Department of Transportation (the “FDOT”) pursuant to which we agreed to sell approximately 3,900 acres of rural land to the FDOT. As part of the AgReserves Sale, we transferred approximately 800 acres that are subject to the 2006 agreement to AgReserves who has agreed to transfer title to the FDOT.

Residential real estate sales decreased $15.9 million, or 47%, to $17.9 million in 2014, as compared to $33.8 million during 2013. This decrease is primarily due to a decrease in available homesites for sale in our resort communities during 2014, as compared to 2013. Commercial real estate sales decreased $7.6 million, or 70%, to $3.3 million during 2014, as compared to $10.9 million during 2013, primarily due to the sale of two commercial real estate sales in 2013 totaling $6.0 million for built-to-suit commercial operating properties that we constructed and were leasing under long-term leases.

Real Estate Sales Gross Profit. During 2015, we recorded gross profit of $17.3 million, or 51.3%, as compared to $547.9 million, or 86.3%, during 2014. During 2014, we recorded gross profit of $511.2 million, or 89.7%, for the AgReserves Sale and $26.0 million, or 59.6%, for the RiverTown Sale. Excluding the AgReserves Sale and the RiverTown Sale, gross profit was $10.7 million, or 50.5%, during 2014, as compared to $20.4 million, or 45.2%, during 2013. Residential real estate gross margins increased due to price increases and the mix of sales from different communities.

Resorts and Leisure Revenues and Gross Profit.

	2015	2014	2013
		Dollars in millions	
Resorts and leisure revenues	$ 54.5	$ 48.4	$ 46.4
Gross profit	$ 7.4	$ 5.5	$ 7.4
Gross profit margin	13.6%	11.4%	15.9%

Resorts and leisure revenues increased $6.1 million, or 13%, during 2015, as compared to 2014. The increase in our resorts and leisure revenues and gross profit margin was primarily due to: (i) an increase of $2.0 million within the club operations due to membership growth and increase golf rounds, (ii) a $1.8 million increase in our vacation rental department due to shift in higher revenue producing homes, (iii) $0.4 increase in The Pearl Hotel management fees due to a full year of the management agreement and (iv) increases in ancillary spend including food and beverage, recreation, spa, marina and resort service fees.

Resorts and leisure revenues increased $2.0 million, or 4%, during 2014, as compared to 2013. The increase in our resorts and leisure revenues was primarily due to: (i) an increase of $0.8 million in food and beverage sales primarily from the LakeHouse, which opened in late 2013, (ii) a $0.9 million increase in our vacation rental business primarily due to more homes being included our program and (iii) $0.4 million of resort fees from The Pearl Hotel pursuant to a management agreement, which began in May 2014. Our gross profit margins decreased in our resorts and leisure businesses in 2014 as compared to 2013 primarily due to the adjustments in the costs associated with our business model and the costs associated with the launch of St. Joe Club & Resorts.

Leasing Revenues and Gross Profit.

	2015	2014	2013
		Dollars in millions	
Leasing revenues	$ 9.0	$ 7.0	$ 4.3
Gross profit	$ 6.2	$ 4.7	$ 2.6
Gross profit margin	68.9%	67.1%	60.5%

Leasing revenues increased $2.0 million, or approximately 29%, during 2015, as compared to 2014, and gross profit margin increased in 2015 as compared to 2014 primarily due to the commencement of revenues from new store openings in our Pier Park North joint venture combined with increased percentage rent from retail operating properties in or near our WaterColor and WaterSound Beach resort operations. In 2015, we continued to open new stores and increase leasing revenue from our Pier Park North joint venture as retail space became occupied by tenants. As a result, we recognized $4.6 million of leasing revenues from Pier Park North during 2015.

Leasing revenues increased $2.7 million, or 63%, during 2014, as compared to 2013, and gross profit margin increased in 2014 to 67.1%, from 60.5% in 2013. The increase in revenues and gross profit is primarily due to a full year of rent from our property in our VentureCrossings industrial park and the commencement of revenues from our Pier Park North joint venture combined with increased percentage rent from retail operating properties in or near our WaterColor and WaterSound Beach resort operations. Beginning in early 2014, we commenced recognizing leasing revenue from our Pier Park North joint venture as retail space became occupied by tenants. As a result, we recognized $2.4 million of leasing revenues from Pier Park North during 2014.

Timber Sales and Gross Profit.

	2015	2014	2013
		Dollars in millions	
Timber sales	$ 6.7	$ 11.5	$ 35.5
Gross profit	$ 5.9	$ 7.0	$ 14.0
Gross profit margin	88.1%	60.9%	39.4%

Timber sales decreased $4.8 million, or 42%, during 2015, as compared to 2014, primarily due to the AgReserves Sale, which closed on March 5, 2014. In addition, timber sales for 2014 included $1.1 million of deferred revenue related to an imputed land lease that was to be recognized over the life of the timber deeds sold in March 2011. We sold substantially all the land included in the imputed lease as part of the AgReserves Sale and recognized the remaining deferred revenue during 2014. In addition, subsequent to the AgReserves Sale, we have primarily sold product on site without the associated delivery costs, which has increased our timber sales gross profit margin.

Timber sales decreased $24.0 million, or 68%, during 2014, as compared to 2013, primarily due to the AgReserves Sale, which closed on March 5, 2014. As expected our timber sales and related costs substantially decreased following the AgReserves Sale. In addition, subsequent to the AgReserves Sale, we have primarily sold product on site without the associated delivery costs, which has increased our timber sales gross profit margin.

Other operating and corporate expenses. Other operating and corporate expenses increased by $7.2 million or 27%, during 2015, as compared to 2014, primarily due to increased planning costs related to our mixed-use and active adult community, including non-recurring expenses related to the approval of the Bay-Walton Sector Plan and costs related to personnel changes.

Other operating and corporate expenses decreased by $1.6 million, or 6%, during 2014, as compared to 2013, primarily due to a decrease in employee costs of $1.1 million and a $0.5 million termination fee paid in 2013 to our third party manager for certain of our resorts and leisure businesses.

Pension charges. In 2014 the pension plan was terminated. In November 2012, the Board of Directors approved the termination of our Pension Plan, which was frozen in March 2013 pending regulatory approvals which were received in August 2014. As of December 31, 2014, the Pension Plan assets were distributed to Pension Plan participants and $7.9 million was distributed to our 401(k) Plan to pay additional future benefits. Subsequent to these distributions, the remaining Pension Plan assets of $23.8 million were reverted to us in December 2014. During 2015, we recorded an expense of $1.0 million for the fair value of the assets that were allocated to participants. Any gains and losses on these assets are reflected in the Company’s Consolidated Statements of Operations and were a $0.1 million gain for 2015. Refer to Note 8, *Financial Instruments and Fair Value Measurements.* In addition, we expect to record additional expenses of approximately $7.1 million as the assets in our 401(k) Plan are allocated to participants over the next six years. See Note 18, *Employee Benefit Plans* in the Notes to the Consolidated Financial Statements included in Item 15 to this annual report on Form 10-K for further information.

Administrative costs associated with special purpose entities. Administrative costs associated with special purpose entities of $3.7 million during 2014, include one-time administrative costs associated with the monetization of the Timber Note received in the AgReserves Sale. See Note 5, *Real Estate Sales* in the Notes to the Consolidated Financial Statements included in Item 15 to this annual report on Form 10-K for further information.

Depreciation, depletion and amortization. The increase of $1.1 million in depreciation, depletion and amortization expenses in 2015, as compared to 2014, was primarily due to an increase in building and land improvements completed during 2015 related to Pier Park North and other operating properties.

The decrease of $0.7 million in depreciation, depletion and amortization expenses in 2014, as compared to 2013, was primarily due to a decrease in depletion expense related to the AgReserves Sale.

Impairment losses. In 2013, we recorded impairment charges of $5.1 million primarily for a golf course that we operate, which incurred negative operating cash flows and the future estimated undiscounted cash flows were less than its carrying value. For further discussion of these impairments, see Note 4, *Impairments of Long-lived Assets*, in the Notes to the Consolidated Financial Statements included in Item 15 to this annual report on Form 10-K.

Investment income, net. Investment income, net primarily includes (i) interest and dividends earned, accretion of the net discount, and realized gains and losses from our available-for-sale investments, (ii) interest income earned on the time deposit held by the Buyer SPE and (iii) interest earned on mortgage notes receivable.

	2015	2014	2013
		In millions	
Net investment income from available-for-sale securities			
Interest and dividend income	$ 5.9	$ 6.3	$ 1.2
Accretion income	2.6	1.4	—
Realized gains (losses) on the sale of investments	5.3	(0.8)	0.1
Other-than-temporary impairment losses	—	(1.3)	—
Total net investment income from available-for-sale securities	13.8	5.6	1.3
Interest income from investments in special purpose entities	8.2	6.1	—
Interest accrued on notes receivable and other	0.7	1.0	0.2
Total investment income, net	$ 22.7	$ 12.7	$ 1.5

Investment income increased $10.0 million during 2015, as compared to 2014, due to (i) an increase of $8.2 million from our available-for-sale securities, primarily due to an increase in accretion income and the sale of certain corporate debt securities at a realized gain of $5.3 million, compared to $0.8 million in losses from such sales in 2014, (ii) no other-than-temporary impairment losses in 2015 compared to $1.3 million in 2014 and (iii) $2.1 million increase from a full year of interest earned on the time deposit held by the Buyer SPE.

Investment income increased $11.2 million during 2014, as compared to 2013, due to (i) an increase of $4.3 million from our available-for-sale securities, which includes an increase of $6.5 million for interest, dividends and accretion, partially offset by other-than-temporary impairment losses related to the credit-related component recognized in earnings of $1.3 million and realized losses on the sale of investments, (ii) $0.8 million from interest earned on mortgage notes receivables (primarily related to the RiverTown Note) and (iii) $6.1 million from interest earned on the time deposit held by the Buyer SPE.

Interest expense. Interest expense primarily includes interest expense on our CDD assessments, the Senior Notes issued by NFTF in April 2014 in connection with the AgReserves Sale and the construction loan and Refinanced Loan in our consolidated Pier Park North joint venture.

	2015	2014	2013
		In millions	
Interest expense and amortization of discount and issuance costs for Senior Notes issued by special purpose entity	$ 8.8	$ 6.6	$ —
Interest expense	2.6	2.0	2.0
Total interest expense	$ 11.4	$ 8.6	$ 2.0

Interest expense increased $2.8 million during 2015, as compared to 2014, primarily due an increase of $2.2 million for a full year of interest expense for the Senior Notes issued by NFTF and interest expense of $1.5 million on the Pier Park North joint venture construction loan and Refinanced Loan, partially offset by a decrease in interest expense on our CDD assessments due to the RiverTown Sale.

Interest expense increased by $6.6 million during, 2014 as compared to 2013, primarily due to interest expense of $6.6 million for the Senior Notes issued by NFTF and construction loan interest expense of $0.6 million on the Pier Park North joint venture construction loan, partially offset by a decrease in interest expense on our CDD assessments due to the RiverTown Sale.

Other, net. Other (expense) income primarily includes legal and regulatory costs related to the recently resolved SEC investigation, income from our retained interest investments, hunting lease income and other income and expense items.

	2015	2014	2013
		In millions	
Fees and expenses for the SEC investigation	$ (8.2)	$ —	$ —
Accretion income from retained interest investments	0.9	0.9	0.8
Hunting lease income	0.7	0.9	1.8
Litigation and insurance proceeds received	—	1.8	0.6
Other income, net	0.3	0.8	1.0
Other, net	$ (6.3)	$ 4.4	$ 4.2

Other, net was $6.3 million of expense during 2015, as compared to income of $4.4 million during 2014, primarily due to a total of $8.2 million of expenses recorded related to the recently resolved SEC investigation. The $8.2 million of fees and expenses for the SEC investigation consisted of (i) penalties, disgorgements and interest of approximately $3.5 million, including a civil penalty assessed on us of $2.75 million and other disgorgements and interest subject to indemnification by us and (ii) legal expenses associated with the SEC investigation. On October 27, 2015, we fully resolved the SEC investigation and entered into a settlement with the SEC. During 2015, we received correspondence from an insurance carrier related to non-coverage of certain fees and expenses incurred in the SEC investigation and, as a result of this correspondence, we recorded $4.7 million, in legal costs during 2015. As of December 31, 2015, we did not possess necessary data to determine any insurance receivables.

Other, net increased by $0.2 million during 2014, as compared to 2013, primarily due to the sale of hunting leases that were included in the AgReserves Sale, partially offset by the cash receipt of $1.8 million for a real estate litigation settlement and a $0.6 million gain related to the sale of our fifty percent ownership in our East San Marco joint venture during 2014, as compared to 2013, which included a cash receipt of $0.6 million for insurance proceeds in 2013.

Income tax expense/benefit. Our income tax expense in 2015 was $0.8 million as compared to an income tax expense of $115.5 million in 2014 and income tax benefit of $0.4 million in 2013. Our effective tax rate was 87.5%, 22.1% and 9.0% in 2015, 2014, and 2013, respectively. During 2015, we reversed $0.2 million of the valuation allowances established on our net deferred tax liability of $34.8 million as of December 31, 2014. Our effective rate for 2015, reflected our expectation that approximately $2.8 million of the settlements costs related to the SEC investigation may not be deductible for income tax purposes, which increased our effective rate in 2015. During 2014, we reversed $86.9 million of the valuation allowances established on our net deferred tax assets as of December 31, 2013, which reduced our effective rate in 2014. In the future, we expect that our effective rate will be closer to the statutory rate.

Segment Results

Residential Real Estate

Our residential real estate segment typically plans and develops mixed-use resort, primary residential and seasonal residential communities of various sizes, primarily on our existing land. We own land in Northwest Florida, including Gulf of Mexico beach frontage and waterfront properties, concentrated primarily between Tallahassee and Destin, Florida.

The table below sets forth the results of operations of our residential real estate segment for the three years ended December 31, 2015:

	2015	2014	2013
		In millions	
Revenues:			
Real estate sales	$ 19.4	$ 17.0	$ 33.0
RiverTown Sale	—	43.6	—
Other	1.8	0.9	0.8
Total revenues	21.2	61.5	33.8
Expenses:			
Cost of real estate sales and other revenues	10.9	10.0	19.4
Cost of real estate sales - RiverTown Sale	—	17.6	—
Other operating expenses	10.2	8.3	7.6
Depreciation and amortization	0.5	0.6	0.8
Impairment losses	—	—	0.2
Total expenses	21.6	36.5	28.0
Operating (loss) income	**(0.4)**	**25.0**	**5.8**
Other expense, net	(0.4)	(0.1)	(1.6)
(Loss) income	**$ (0.8)**	**$ 24.9**	**$ 4.2**

Real estate sales include sales of homesites, other residential land and certain lot residuals from homebuilder sales that provide us a percentage of the sale price of the completed home if the home price exceeds a negotiated threshold. Cost of real estate sales includes direct costs (e.g., development and construction costs), selling costs and other indirect costs (e.g., development overhead, capitalized interest and project administration costs). Other operating expenses include non-recurring expenses related to planning of the Bay-Walton Sector Plan. Other revenues include brokerage fees, marketing fees, and impact fee credits sold.

In April 2014, we completed the RiverTown Sale and as a result recognized revenue of $43.6 million during 2014.

Year Ended December 31, 2015 Compared to the Year Ended December 31, 2014

The following table sets forth our residential real estate sales and cost of sales activity by geographic region and property type:

	Year Ended December 31, 2015					Year Ended December 31, 2014				
	Units Sold	Revenues	Cost of Sales	Gross Profit	Gross Profit Margin	Units Sold	Revenues	Cost of Sales	Gross Profit	Gross Profit Margin
					(Dollars in millions)					
Northwest Florida:										
Resort homesites	23	$ 8.8	$ 3.3	$ 5.5	62.5%	31	$ 10.3	$ 5.3	$ 5.0	48.5%
Resort home	1	0.8	0.8	—	—%	—	—	—	—	—%
Primary homesites	138	9.8	5.5	4.3	43.9%	69	6.3	3.9	2.4	38.1%
RiverTown Community	—	—	—	—	—%	7	0.4	0.2	0.2	50.0%
Total	162	$ 19.4	$ 9.6	$ 9.8	50.5%	107	$ 17.0	$ 9.4	$ 7.6	44.7%

Northwest Florida resort homesites and resort home. Revenues from resort homesite sales decreased $1.5 million, or 15%, during 2015, as compared to 2014, due to a decrease of available homesites. Gross profit margins increased to 62.5% during 2015, as compared to 48.5% during 2014, primarily due to price increases and the mix of homesites sold during each respective period and the receipt of lot residuals that have no related costs at the time of recognition. Revenues from the resort home are related to a completed home that was sold within the WaterSound Beach community.

Northwest Florida primary homesites. Revenues from real estate sales increased $3.5 million, or 56%, during 2015, as compared to 2014, due to the timing of sales in our Watersound Origins, Breakfast Point, and Southwood communities. Gross profit margin increased to 43.9% during 2015, as compared to 38.1% during 2014, primarily due to price increases and the mix of homesites sold during each respective period and the receipt of lot residuals that have no related costs at the time of recognition.

RiverTown Community primary homesites. In April 2014, we completed the sale of our RiverTown community.

Other operating expenses include salaries and benefits, property taxes, marketing, project administration, support personnel and other administrative expenses. Other operating expenses increased $1.9 million during 2015, as compared to 2014, primarily due to increased spending related to our mixed-use and active adult communities, including non-recurring expenses related to the approval of the Bay-Walton Sector Plan. During 2015 and 2014, we capitalized less than $0.1 million of indirect development costs related to our residential development projects.

Other expense primarily includes interest earned on our mortgage notes receivables and interest expense on our CDD assessments. Other expense, net increased $0.3 million during 2015, as compared to 2014, primarily due to a decrease in interest earned on the RiverTown Note that was paid in June 2015.

Year Ended December 31, 2014 Compared to the Year Ended December 31, 2013

The following table sets forth our residential real estate sales and cost of sales activity by geographic region and property type:

	Year Ended December 31, 2014					Year Ended December 31, 2013				
	Units Sold	Revenues	Cost of Sales	Gross Profit	Gross Profit Margin	Units Sold	Revenues	Cost of Sales	Gross Profit	Gross Profit Margin
					(Dollars in millions)					
Northwest Florida:										
Resort homesites	31	$ 10.3	$ 5.3	$ 5.0	48.5%	92	$ 17.5	$ 9.4	$ 8.1	46.3%
Primary homesites	69	6.3	3.9	2.4	38.1%	166	11.0	7.0	4.0	36.4%
Single-family homes	—	—	—	—	—%	3	0.8	0.7	0.1	12.5%
Land sale	—	—	—	—	—%	—	1.8	0.6	1.2	66.7%
RiverTown Community:										
Primary homesites	7	0.4	0.2	0.2	50.0%	54	1.9	1.3	0.6	31.6%
Total	107	$ 17.0	$ 9.4	$ 7.6	44.7%	315	$ 33.0	$ 19.0	$ 14.0	42.4%

Northwest Florida resort homesites. Revenues from real estate sales decreased $7.2 million, or 41%, during 2014, as compared to 2013, due to a decrease in homesite sales in our WaterColor and WaterSound West Beach communities, slightly offset by an increase in homesite sales in our WaterSound Beach and SummerCamp Beach communities. Gross profit margins increased to 48.5% during 2014, as compared to 46.3% during 2013, primarily due to an increase in pricing in our WaterColor, WaterSound Beach and WaterSound West Beach communities, an increase in the lot residual received and the recognition of deferred profit in our WaterSound West Beach and WaterSound Beach communities, given that both the lot residual and the recognition of deferred profit have no related costs.

Northwest Florida primary homesites. Revenues from real estate sales decreased $4.7 million, or 43%, during 2014, as compared to 2013, primarily due to a sale of sixty-two homesites to a homebuilder in Watersound Origins in 2013. Gross profit margin increased to 38.1% during 2014, as compared to 36.4% during 2013, primarily due to increased prices.

Northwest Florida land sales. In 2013, we had a sale of residential land that included 28 units of developed and 37 acres of undeveloped residential land.

RiverTown Community primary homesites. In April 2014, we completed the sale of our RiverTown community.

Other operating expenses include salaries and benefits, property taxes, marketing, project administration, support personnel and other administrative expenses. Other operating expenses increased $0.7 million during 2014, as compared to 2013, primarily due to increases in professional fees and marketing. During 2014 and 2013, we capitalized less than $0.1 million of indirect development costs related to our residential development projects.

Other expense primarily includes interest earned on our mortgage notes receivables and interest expense on our CDD assessments. Other expense, net decreased $1.5 million during 2014, as compared to 2013, primarily due to interest earned on the RiverTown Note and lower interest expense related to the Rivers Edge CDD assessments.

Commercial Real Estate

Our commercial real estate segment plans, develops, entitles and sells our land holdings, often in conjunction with strategic partners, for a broad range of retail, office, hotel and industrial uses. From time to time, our commercial real estate segment may sell our resort, leisure and operating properties. The timing of commercial real estate revenues can vary depending on the demand, size and location of the property.

The table below sets forth the results of operations of our commercial real estate segment for the three years ended December 31, 2015:

	2015	2014	2013
		In millions	
Revenues:			
Real estate sales	$ 7.2	$ 3.3	$ 10.9
Expenses:			
Cost of real estate sales	5.0	1.0	5.3
Other operating expenses	2.1	2.3	2.5
Total expenses	7.1	3.3	7.8
Operating income	**0.1**	**—**	**3.1**
Other (expense) income	—	(0.1)	0.2
Income (loss)	**$ 0.1**	**$ (0.1)**	**$ 3.3**

Real Estate Sales. Commercial real estate sales for the three years ended December 31, 2015 include the following:

Period	Number of Sales	Acres Sold	Average Price Per Acre	Revenue	Gross Profit on Sales
				In millions	
2015	3	14	$ 514,285	$ 7.2	$ 2.2
2014	4	5	$ 609,938	$ 3.3	$ 2.3
2013	8	18	$ 605,556	$ 10.9	$ 5.6

Year Ended December 31, 2015 Compared to Year Ended December 31, 2014

Commercial real estate sales were $7.2 million during 2015, as compared to $3.3 million during 2014. Commercial real estate sales can vary depending on the mix of commercial real estate sold in each period, with varying compositions of retail, office, light industrial and other commercial uses.

Other operating expenses include salaries and benefits, property taxes, professional fees and other administrative expenses. Other operating expenses decreased $0.2 million during 2015, as compared to 2014, primarily due to reduced employee costs and property taxes.

Year Ended December 31, 2014 Compared to Year Ended December 31, 2013

Commercial real estate sales were $3.3 million during 2014, as compared to $10.9 million during 2013. Commercial real estate sales can vary depending on the mix of commercial real estate sold in each period, with varying compositions of retail, office, light industrial and other commercial uses.

Other operating expenses include salaries and benefits, property taxes, professional fees and other administrative expenses. Other operating expenses decreased $0.2 million during 2014, as compared to 2013, primarily due to reduced employee costs and property taxes.

Resorts and Leisure

Our resorts and leisure segment includes recurring revenues from our resorts and leisure activities. Resorts and leisure revenues and cost of resorts and leisure revenues include results of operations from the WaterColor Inn and vacation rental programs, four golf courses, marina operations, management of The Pearl Hotel and other related resort activities.

The table below sets forth the results of operations of our resorts and leisure segment for the three years ended December 31, 2015:

	2015	2014	2013
		In millions	
Revenues:			
Resorts and leisure revenues	$ 54.5	$ 48.4	$ 46.4
Expenses:			
Cost of resorts and leisure revenues	47.1	42.9	39.0
Operating expenses	0.4	0.5	0.8
Depreciation	5.1	4.1	4.2
Impairment losses	—	—	4.9
Total expenses	52.6	47.5	48.9
Operating income (loss)	**1.9**	**0.9**	**(2.5)**
Other (expense) income	(0.1)	0.6	0.9
Net income (loss)	**$ 1.8**	**$ 1.5**	**$ (1.6)**

The following table sets forth the detail of our resorts and leisure revenues and cost of revenues:

	Year Ended December 31, 2015			Year Ended December 31, 2014		
	Revenues	Gross Profit	Gross Profit Margin	Revenues	Gross Profit	Gross Profit Margin
	Dollars in millions					
Resorts, vacation rentals and other management services	$ 39.1	$ 5.6	14.3%	$ 35.1	$ 4.6	13.1%
Clubs	12.4	1.0	8.1%	10.4	0.2	1.9%
Marinas	3.0	0.8	26.7%	2.9	0.7	24.1%
Total	$ 54.5	$ 7.4	13.6%	$ 48.4	$ 5.5	11.4%

Year Ended December 31, 2015 Compared to Year Ended December 31, 2014

Revenues from our Resorts, vacation rentals and other management services increased $4.0 million, or 11%, during 2015, as compared to 2014, primarily due to: (i) an increase of $1.7 million in resort ancillary spend including food and beverage, recreation, spa and resort service fees, (ii) a $1.8 million increase in our vacation rental department due to shift in higher revenue producing homes and (iii) $0.4 increase in The Pearl Hotel management fees due to a full year of the management agreement.

Revenues from our clubs increased $2.0 million, or 19%, and gross profit margin increased 6.2% due to a continued increase in total members, the growth in resort rounds at the golf courses and continued focus with weddings and special events.

Year Ended December 31, 2014 Compared to Year Ended December 31, 2013

	Year Ended December 31, 2014			Year Ended December 31, 2013		
	Revenues	Gross Profit	Gross Profit Margin	Revenues	Gross Profit	Gross Profit Margin
	(Dollars in millions)					
Resorts, vacation rentals and other management services	$ 35.1	$ 4.6	13.1%	$ 32.3	$ 5.0	15.5%
Clubs	10.4	0.2	1.9%	11.3	1.6	14.2%
Marinas	2.9	0.7	24.1%	2.8	0.8	28.6%
Total	$ 48.4	$ 5.5	11.4%	$ 46.4	$ 7.4	15.9%

Revenues from our Resorts, vacation rentals and other management services increased $2.8 million, or 9%, during 2014, as compared to 2013, primarily due to: (i) an increase of $0.8 million in food and beverage sales primarily from the LakeHouse, which opened in late 2013, (ii) a $0.9 million increase in our vacation rental business primarily due to more homes being included our program and (iii) $0.4 million of resort fees from The Pearl Hotel pursuant to a management agreement, which began in May 2014.

Revenues from our clubs decreased $0.9 million, or 8%, and gross profit margin decreased 12.3% due to the launch of St Joe Club & Resorts on January 1, 2014. In connection with the launch of St. Joe Club & Resorts in January 2014, we limited the public use of our golf courses and resort facilities; therefore, the loss of revenues from the public access to the golf courses and resort facilities have contributed to the decrease in revenues and gross profit margin during 2014, as compared to 2013.

In 2013, we recorded an impairment charge of $4.9 million for a golf course that we operate, which incurred negative operating cash flows and the future estimated undiscounted cash flows were less than the carrying value of its assets.

Leasing Operations

Our leasing operations segment includes recurring revenues from our retail and commercial leasing operations, including our consolidated joint venture at Pier Park North.

The table below sets forth the results of operations of our leasing operations segment for the three years ended December 31, 2015:

	2015	2014	2013
		In millions	
Revenues:			
Leasing operations	$ 9.0	$ 7.0	$ 4.3
Expenses:			
Cost of leasing operations	2.8	2.3	1.7
Operating expenses	0.9	0.6	0.4
Depreciation	3.1	2.7	2.1
Total expenses	6.8	5.6	4.2
Operating income	**2.2**	**1.4**	**0.1**
Other (expense) income	(1.5)	(0.3)	0.2
Net income	**$ 0.7**	**$ 1.1**	**$ 0.3**

Year Ended December 31, 2015 Compared to Year Ended December 31, 2014

Revenues from our leasing operations increased $2.0 million and gross profit increased $1.5 million primarily attributable to an increase in revenues from leases in our Pier Park North joint venture that began to open in 2014. In connection with our Pier Park North joint venture, we recognized $4.6 million of leasing revenues during 2015.

Other (expense) income increased $1.2 million during 2015, as compared to 2014, primarily due to interest expense from the Pier Park North joint venture Refinanced Loan.

During 2015 and 2014, we capitalized $0.2 million and $0.6 million, respectively, of indirect development costs related to Pier Park North, for which construction began in early 2013.

Year Ended December 31, 2014 Compared to Year Ended December 31, 2013

Revenues and gross profit from our leasing operations increased in 2014 as compared to 2013 primarily due to the commencement of recognition of leasing revenue in our Pier Park North joint venture as retail stores became occupied by tenants commencing in early 2014. In connection with our Pier Park North joint venture, we recognized $2.4 million of leasing revenues during 2014.

During 2014 and 2013, we capitalized $0.6 million and $0.7 million, respectively, of indirect development costs related to Pier Park North, for which construction began in early 2013.

Forestry

Our forestry segment focuses on the management of our timber holdings. We grow and sell timber and wood fiber and provide land management services for conservation properties. Our forestry segment may also sell our timber holdings, undeveloped land or land with limited development and easements.

The table below sets forth the results of operations of our forestry segment, including revenues and expenses associated with the AgReserves Sale and rural land sales that were previously reported in our former rural land segment for the three years ended December 31, 2015:

	2015	2014	2013
		In millions	
Revenues:			
Timber sales	$ 6.7	$ 11.5	$ 35.5
Real estate sales - AgReserves and other rural land sales	5.3	569.9	—
Total revenues	12.0	581.4	35.5
Expenses:			
Cost of timber sales	0.8	4.5	21.5
Cost of real estate sales - AgReserves and other rural land sales	0.5	58.4	—
Other operating expenses	0.9	1.9	1.0
Depreciation and depletion	0.6	0.7	1.8
Total expenses	2.8	65.5	24.3
Operating income	**9.2**	**515.9**	**11.2**
Other income	1.1	1.2	2.2
Net income	**$ 10.3**	**$ 517.1**	**$ 13.4**

The total tons sold and relative percentage of total tons sold by major item for the three years ended December 31, 2015 is as follows:

	2015		2014		2013	
Pine pulpwood	66%	249,000	70%	303,000	71%	854,000
Pine sawtimber	27%	100,000	20%	87,000	23%	283,000
Pine grade logs	6%	24,000	6%	25,000	5%	64,000
Other	1%	2,000	4%	18,000	1%	8,000
Total	100%	375,000	100%	433,000	100%	1,209,000

Year Ended December 31, 2015 Compared to the Year Ended December 31, 2014

Changes in our timber revenue from 2014 to 2015 are primarily driven by the results of the AgReserves Sale discussed above. In connection with the AgReserves Sale that we completed on March 5, 2014, we recorded $569.9 million in revenues from real estate sales, including the accelerated recognition of $11.0 million of deferred revenue arising from our 2006 agreement with the FDOT. We recorded cost of sales of $58.4 million related to the AgReserves Sale, including $48.7 million related to our carrying value for land, timber and property and closing costs of $9.8 million.

During 2015, we sold approximately 3,330 acres of rural and timber land for $5.3 million.

The following table sets forth our timber sales activity by volume sold and average price:

	Year Ended December 31, 2015			Year Ended December 31, 2014		
	Revenues	Tons	Average price	Revenues	Tons	Average price
	(In millions)			(In millions)		
RockTenn supply agreement	$ —	—	$ —	$ 3.2	111,000	$ 28.83
Open market sales	6.6	375,000	17.60	7.0	322,000	21.74
Total	$ 6.6	375,000	$ 17.60	$ 10.2	433,000	$ 23.56

As a result of the AgReserves Sale we transferred the RockTenn supply agreement to AgReserves and are no longer selling under that agreement. In addition, tons of timber sold, the average price per ton and total revenue from timber sales in the open market sales decreased in 2015 as compared to 2014 as a result of our significantly lower holdings of timber land. Specifically, (1) we sold 375,000 tons during 2015 as compared to 433,000 tons during 2014, (2) the average price per ton sold decreased to $17.60 in 2015 from $21.74 in 2014 and (3) total revenues from timber sales decreased by approximately $4.8 million during 2015 as compared to 2014. Prior to the AgReserves Sale, we primarily cut and delivered the timber sold, however after the AgReserves Sale we primarily sold the timber on site and required the purchaser to cut and pay for removal of the timber. This resulted in a lower average sales price but increased our gross profit margin per ton.

The gross margin, excluding the recognition of the deferred revenue from the imputed lease, increased during 2015, to 88.1%, as compared to 56.7% during 2014.

Other operating expenses decreased $1.0 million during 2015, as compared to 2014, due to severance costs that were paid in the first quarter of 2014, related to the workforce reduction in our forestry operations due to the AgReserves Sale.

Other income consists primarily of income from hunting leases, which decreased $0.1 million during 2015, as compared to 2014, primarily due to hunting leases that were sold and use practices.

Year Ended December 31, 2014 Compared to Year Ended December 31, 2013

As previously discussed, changes in our timber revenue from 2014 to 2013 are primarily driven by the results of the AgReserves Sale in March 2014. In connection with the AgReserves sale, we recorded $569.9 million in revenues from real estate sales, including the accelerated recognition of $11.0 million of deferred revenue arising from our 2006 agreement with the FDOT. We recorded cost of sales of $58.4 million related to the AgReserves Sale, including $48.7 million related to our carrying value for land, timber and property and closing costs of $9.8 million. The following table set forth our timber sales activity by volume sold and average price:

	Year Ended December 31, 2014			Year Ended December 31, 2013		
	Revenues	Tons	Average price	Revenues	Tons	Average price
	(In millions)			*(In millions)*		
RockTenn supply agreement	$ 3.2	111,000	$ 28.83	$ 15.4	553,000	$ 27.85
Open market sales	7.0	322,000	21.74	19.6	656,000	29.88
Total	$ 10.2	433,000	$ 23.56	$ 35.0	1,209,000	$ 28.95

As previously discussed, we completed the AgReserves Sale on March 5, 2014.

As a result of the AgReserves Sale we transferred the RockTenn supply agreement to AgReserves, therefore our results for 2014 include only three months of sales under that agreement. In addition, tons of timber sold, the average price per ton and total revenue from timber sales in the open market sales decreased in 2014 as compared to 2013 as a result of our significantly lower holdings of timber land. Specifically, (1) we sold 433,000 tons during 2014 as compared to 1,209,000 tons during 2013, (2) the average price per ton sold decreased to $21.74 in 2014 from $29.88 in 2013 and (3) total revenues from timber sales decreased by approximately $24.0 million during 2014 as compared to 2013. Prior to the AgReserves Sale, we primarily cut and delivered the timber sold, however after the AgReserves Sale we primarily sold the timber on site and required the purchaser to cut and pay for removal of the timber. This resulted in a lower average sales price but increased our gross profit margin per ton.

In addition, timber sales in 2014 included $1.1 million of deferred revenue related to an imputed land lease that was to be recognized over the life of the timber deeds sold in March 2011. We sold substantially all the land included in the imputed lease as part of the AgReserves Sale and recognized the remaining deferred revenue during 2014.

The gross margin, excluding the recognition of the deferred revenue from the imputed lease, increased during 2014, to 56.7%, as compared to 39.4% during 2013. Subsequent to the AgReserves Sale, we have primarily sold product on site without the associated delivery costs, which has decreased prices and increased our gross profit margin.

Other income consists primarily of income from hunting leases, which decreased $1.0 million during 2014, as compared to 2013, primarily due to hunting leases that were sold as part of the AgReserves Sale.

Liquidity and Capital Resources

As of December 31, 2015, we had cash and cash equivalents of $212.8 million, compared to $34.5 million as of December 31, 2014. In addition to cash and cash equivalents, we consider investments classified as available-for-sale securities, especially our investments in U.S. Treasury securities, as being generally available to meet our liquidity needs. Securities classified as available-for-sale securities are not as liquid as cash and cash equivalents, but they are generally convertible into cash within a relatively short period of time. As of December 31, 2015, we had investments in U.S. Treasuries of $184.7 million and investments in corporate debt securities and preferred stock investments of $6.5 million as compared to investments in U.S. Treasuries of $509.8 million and investments in corporate debt securities and preferred stock investments of $127.1 million as of December 31, 2014. The decrease in investments is related to $305.0 million of common stock repurchases in 2015.

Fairholme Capital Management, L.L.C., or one of its affiliates ("Fairholme Capital") has served as our investment advisor since April 2013. Fairholme Capital receives no compensation for services to us. As of December 31, 2015, the funds managed by Fairholme Capital beneficially owned approximately 32.5% of our common stock. Mr. Bruce Berkowitz is the Managing Member of Fairholme Capital and the Chairman of our Board of Directors.

Pursuant to the terms of the Investment Management Agreement as amended (the "Agreement"), with Fairholme Capital, Fairholme Capital agreed to supervise and direct the investments of our accounts in accordance with the investment guidelines and restrictions approved by the Investment Committee of our Board of Directors. The investment guidelines are set forth in the Agreement and require that, as of the date of any investment: (i) at least 50% of the investment account be held in cash or cash equivalents, as defined in the Agreement, (ii) no more than 15% of the investment account may be invested in securities of any one issuer (excluding the U.S. Government) and (iii) any investment in any one issuer (excluding the U.S. Government) that exceeds 10%, but not 15%, requires the consent of at least two members of the Investment Committee. The investment accounts may not be invested in common stock securities.

As of December 31, 2015, the investment accounts included $18.2 million of money market funds and $175.0 million of commercial paper (all of which are classified within cash and cash equivalents on our Consolidated Balance Sheet), $184.7 million of U.S. Treasury securities (all of which are classified within investments on our Consolidated Balance Sheet), $6.3 million of corporate debt securities and $0.2 million of preferred stock investments. The issuer of the corporate debt securities and preferred stock is Sears Holdings Corp or affiliates.

We believe that our current cash position and our anticipated cash flows will provide us with sufficient liquidity to satisfy our anticipated working capital needs, expected capital expenditures, principal and interest payments on our long term debt, and authorized stock repurchases for the next twelve months.

In October 2015, the Pier Park North joint venture refinanced its construction loan and entered into a $48.2 million loan (the "Refinanced Loan"). As of December 31, 2015, $48.2 million was outstanding on the Refinanced Loan. The Refinanced Loan accrues interest at a rate of 4.1% per annum and matures in November 2025. The Refinanced Loan provides for interest only payments during the first twelve months and principal and interest payments on the Refinanced Loan thereafter with a final balloon payment at maturity. The Refinanced Loan is secured by a first lien on, and security interest in, a majority of the Pier Park North joint venture's property and a short term $6.62 million letter of credit. In connection with the Refinanced Loan, we entered into a limited guarantee in favor of the lender, based on our percentage ownership of the joint venture. The limited guarantee covers losses arising out of certain events, including (i) tenant security deposits; (ii) tenant rents; (iii) costs and expenses related to any environmental clean-up; (iv) liability for fraud or material breach of warranty with respect to the financing; (v) unpaid real estate taxes assessed against the Property; (vi) failure to maintain required insurance; (vii) foreclosure of the security instrument; or (viii) failure of the joint venture to comply with certain covenants in the security instrument. In addition, the guarantee can become full recourse in the case of any fraud or intentional misrepresentation by the Pier Park North joint venture; any voluntary transfer or encumbrance of the property in violation of the due-on-sale clause in the security instrument; upon commencement of voluntary or insolvency proceedings; and upon breach of covenants in the security instrument. Pursuant to the guarantee, the Pier Park North joint venture partners are required to maintain a minimum of $36 million in combined net worth, not including the value of each partner's respective equity in the Pier Park North property. See Note 9, *Real Estate Joint Ventures*.

Our real estate investment strategy focuses on projects that meet our investment return criteria. During 2015, we incurred a total of $17.4 million for capital expenditures, which includes $5.8 million related to the Pier Park North joint venture, $7.1 million related to the development of our residential and commercial real estate projects, $2.5 million related primarily to our resorts and leisure operations, and $2.0 million related primarily to our forestry and other segments. Our 2016 budgeted capital expenditures are estimated to total $23.1 million, which includes $17.5 million primarily for the development and acquisition of land for our residential and commercial real estate projects, $3.3 million for our resorts and leisure segment, $0.6 million for our commercial leasing segment, and $1.7 million for our forestry and other segments. A portion of this spending is discretionary and will only be spent if we believe the risk adjusted return warrants the expenditures. We anticipate that these future capital commitments will be funded through our cash and cash equivalents, short term investments and cash generated from operations.

CDD bonds financed the construction of infrastructure improvements in some of our projects. The principal and interest payments on the bonds are paid by assessments on the properties benefited by the improvements financed by the bonds. We have recorded a liability for CDD assessments that are associated with platted property, which is the point at which the assessments become fixed or determinable. Additionally, we have recorded a liability for the balance of the CDD assessment that is associated with unplatted property if it is probable and reasonably estimable that we will ultimately be responsible for repaying. We have recorded debt of $7.0 million related to CDD debt as of December 31, 2015. Our total outstanding CDD assessments were $22.5 million at December 31, 2015, which is comprised of $18.6 million at SouthWood, $3.1 million at the existing Pier Park retail center, $0.7 million at Wild Heron and less than $0.1 million at NatureWalk.

As of January 1, 2015, we had $103.8 million remaining under our stock repurchase program (the “Stock Repurchase Program”). From January 1 through August 15, 2015, we repurchased 634,596 shares of our common stock in open market transactions at an average weighted price of $16.03 for a total of $10.2 million. On August 15, 2015 our Board of Directors increased our Stock Repurchase Program authorization to permit the repurchase of up to $300.0 million (including $93.6 million that remained unused from the previous authorization).

On August 21, 2015, we commenced a tender offer to purchase up to 16,666,666 shares of our common stock at a price of $18.00 per share. Upon consummation of this tender offer, we purchased 16,348,143 shares of our common stock at a purchase price of $18.00 per share, for a total purchase price of $294.3 million and $0.5 million in related costs. In October 2015, our Board of Directors again increased our Stock Repurchase Program authorization to permit the repurchase of an additional $200.0 million. As of December 31, 2015, we had a total of $205.7 million available for purchase of shares under our Stock Repurchase Program. We may repurchase our stock in open market purchases from time to time pursuant to Rule 10b-18, in privately negotiated transactions or otherwise. The timing and amount of any additional shares to be repurchased will depend upon a variety of factors, including market and business conditions, applicable legal requirements and other factors. Repurchases may be commenced or suspended at any time or from time to time without prior notice. The Stock Repurchase Program will continue until otherwise modified or terminated by our Board of Directors at any time in our sole discretion. Subsequent to December 31, 2015 but prior to the filing of this annual report, we purchased an additional 995,650 shares for an aggregate purchase price of $14.8 million.

Summary of Cash Flows

A summary of our cash flows from operating, investing and financing activities for the three years ended December 31, 2015 are as follows:

	2015	2014	2013
		(Dollars in millions)	
Net cash provided by operating activities	$ 22.4	$ 331.0	$ 16.3
Net cash provided by (used in) investing activities	445.4	(518.7)	(171.4)
Net cash (used in) provided by financing activities	(289.5)	200.3	11.0
Net increase (decrease) in cash and cash equivalents	178.3	12.6	(144.1)
Cash and cash equivalents at beginning of the year	34.5	21.9	166.0
Cash and cash equivalents at end of the year	$ 212.8	$ 34.5	$ 21.9

Cash Flows from Operating Activities

Cash flows from operating activities include costs related to assets ultimately planned to be sold, including residential real estate development and related amenities, sales of undeveloped and developed land, our forestry operations and land developed by the commercial real estate segment. Net cash provided by operations was $22.4 million in 2015, as compared to $331.0 million in 2014. This large decrease in net cash provided by operations in 2015 as compared to 2014 is primarily as a result of the AgReserves Sale. In addition, we received $19.6 million RiverTown Note payment during 2015. Net cash provided by operations was $331.0 million in 2014, as compared to $16.3 million in 2013. This large increase in net cash provided by operations in 2014 as compared to 2013 is primarily attributable to the proceeds we received from the AgReserves Sale and the RiverTown Sale.

During 2015, capital expenditures related to assets ultimately planned to be sold were $8.4 million and consisted of $4.9 million relating to our residential real estate segment, $2.2 million for our commercial real estate segment, and $1.3 million for our forestry segment. The expenditures relating to our residential real estate and commercial real estate segments were primarily for site infrastructure development, general amenity construction, and the acquisition of commercial land.

Cash Flows from Investing Activities

Cash flows provided by investing activities primarily includes purchases and sales of investments, investments in assets held by special purpose entities, capital expenditures incurred by our Pier Park North joint venture for property to be held and used in the joint venture's operations and capital expenditures for property and equipment used in our operations. During 2015, cash flows provided by investing activities were $445.4 million, which includes our total net purchases, sales and maturities of our available-for-sale investments of $453.7 million and $0.8 million for investments and maturities in assets held by special purpose entities. During 2014, cash flows used in investing activities were $518.7 million, which includes our total net purchases, sales and maturities of our available-for-sale investments of $489.9 million and $6.9 million for investments in assets held by special purpose entities. See Note 5, *Real Estate Sales*, included in the Notes to the Consolidated Financial Statements included in Item 15 of this Form 10-K for further discussion on our special purpose entities. During 2013, cash flows used in investing activities were $171.4 million, which includes our total purchases, sales and maturities of U.S. treasury securities and corporate debt securities of $149.0 million.

During 2015, capital expenditures incurred by our Pier Park North joint venture were $5.8 million which were reported in our leasing operations segment and capital expenditures for other property and equipment were $3.3 million, which were primarily for our resorts and leisure segment. Capital expenditures incurred by our Pier Park North joint venture were $22.6 million during 2014 and $19.3 million during 2013. Capital expenditures for other property and equipment were $2.5 million during 2014 and $3.6 million during 2013, which were primarily for our resorts, leisure and leasing operations segment. In addition, we received $3.0 million in proceeds from the sale of our fifty percent ownership interest in our East San Marco real estate joint venture during 2014.

Cash Flows from Financing Activities

Net cash used in financing activities was $289.6 million for 2015 compared to net cash provided by financing activities of $200.3 million for 2014, primarily a result of the repurchase of common stock in 2015, compared to NFTF's issuance of Senior Notes in 2014. In 2015, $305.0 million was used for the repurchase of our common stock. Financing activities include $48.2 million of borrowings on the Pier Park North joint venture Refinanced Loan, partially offset by payments of approximately $31.9 million related to our Pier Park North construction loan and other CDD payments. Financing activities also include $0.7 million of debt issuance costs and capital distribution to non-controlling interest of $0.1 million. Net cash provided by financing activities was $200.3 million in 2014 compared to $11.0 million for 2013. This large increase in net cash provided by financing activities in 2014 as compared to 2013 is primarily a result of NFTF's issuance of Senior Notes in 2014.

Off-Balance Sheet Arrangements

In October 2015, the Pier Park North joint venture refinanced its construction loan and entered into a $48.2 million loan. The Refinanced Loan will accrue interest at a rate of 4.1% per annum and matures in November 2025. The Refinanced Loan provides for interest only payments during the first twelve months and principal and interest payments thereafter with a final balloon principal payment at maturity of the Refinanced Loan. The Refinanced Loan is secured by a first lien on, and security interest in, a majority of Pier Park North joint venture’s property and a short term $6.62 million letter of credit. In connection with the Refinanced Loan, we entered into a limited guarantee and are required to comply with a financial covenant as described in Note 9, *Real Estate Joint Ventures*.

During 2008 and 2007, we sold 132,055 acres of timberland in exchange for fifteen year installment notes receivable in the aggregate amount of $183.3 million. The installment notes are fully backed by irrevocable letters of credit issued by Wachovia Bank, N.A. (now a subsidiary of Wells Fargo & Company). We contributed the installment notes to bankruptcy remote qualified special purpose entities. The entities’ financial condition and financial results are not consolidated in our financial statements.

During 2008 and 2007, the entities monetized $183.3 million of installment notes by issuing debt securities to third party investors equal to approximately 90% of the value of the installment notes. Approximately $163.0 million in net proceeds were distributed to us during 2008 and 2007. The debt securities are payable solely out of the assets of the entities and proceeds from the letters of credit. The investors in the entities have no recourse against us for payment of the debt securities or related interest expense. We have recorded a retained interest with respect to all entities of $10.2 million for all installment notes monetized through December 31, 2015. This balance represents the present value of future cash flows to be received over the life of the installment notes, using management’s best estimates of underlying assumptions, including credit risk and interest rates as of the date of the monetization, plus the accretion of investment income based on an effective yield, which is recognized over the term of the notes, less actual cash receipts. We continue to update the expectation of cash flows to be collected over the term of the notes. Changes to the previously projected cash flows are accounted for prospectively, unless based on management’s assessment of current information and events, it is determined that there is an other-than-temporary impairment. We have not recorded an other-than-temporary impairment during the three years ended December 31, 2015.

At December 31, 2015, the Company was required to provide surety bonds that guarantee completion of certain infrastructure in certain development projects and mitigation banks of $7.1 million and standby letters of credit in the amount of $0.5 million, which may potentially result in liability to the Company if certain obligations of the Company are not met.

Contractual Obligations at December 31, 2015

	Payments due by Calendar Period				
	Total	Less Than 1 Year	1-3 Years	3-5 Years	More Than 5 Years
	In millions				
Debt [1]	$ 55.2	$ 0.2	$ 2.0	$ 2.2	$ 50.8
Interest related to debt, including community development district debt [1]	20.6	2.2	4.3	4.2	9.9
Contractual obligations [2]	1.4	0.7	0.2	0.5	—
Other long term liabilities [3]	131.1	—	—	—	131.1
Senior Notes held by special purpose entity [4]	180.0	—	—	—	180.0
Interest related to Senior Notes held by special purpose entity [4]	115.3	8.6	17.1	17.1	72.5
Total contractual obligations	$ 503.6	$ 11.7	$ 23.6	$ 24.0	$ 444.3

(1) These amounts do not include additional CDD obligations associated with unplatted properties that are not yet fixed or determinable or that are not yet probable or reasonably estimable.

(2) These aggregate amounts include individual contracts in excess of $0.1 million.

(3) Other long term liabilities include certain of our deferred tax liabilities related to our installment note monetization transactions.

(4) Senior Notes held by a consolidated special purpose entity. There is no recourse against the Company on the Senior Notes as recourse is limited to proceeds from the Timber Note and the underlying Letter of Credit held by the special purpose entity. See Note 5, *Real Estate Sales*, of our Consolidated Financial Statements included in this Form 10-K for further discussion.

Critical Accounting Estimates

The discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosures of contingent assets and liabilities. We base these estimates on historical experience, available current market information and on various other assumptions that management believes are reasonable under the circumstances. Additionally, we evaluate the results of these estimates on an on-going basis. Management's estimates form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions, and our accounting estimates are subject to change.

Investment in Real Estate and Cost of Real Estate Sales. Costs associated with a specific real estate project are capitalized during the development period. We capitalize costs directly associated with development and construction of identified real estate projects. Indirect costs that clearly relate to a specific project under development, such as project administration, may also be capitalized. We capitalize interest (up to total interest expense) based on the amount of underlying expenditures and real estate taxes on real estate projects under development.

Real estate development costs also include land and common development costs (such as roads, sewers and amenities), capitalized property taxes, capitalized interest and certain indirect costs. A portion of real estate development costs and estimates for costs to complete are allocated to each unit based on the relative sales value of each unit as compared to the estimated sales value of the total project. These estimates are reevaluated at least annually and more frequently if warranted by market conditions, changes in the project's scope or other factors, with any adjustments being allocated prospectively to the remaining property or units available-for-sale.

The capitalization period relating to direct and indirect project costs is the period in which activities necessary to ready a property for its intended use are in progress. The period begins when such activities commence, typically when we begin the entitlement processes for land already owned, and ends when the asset is substantially complete and ready for its intended use. Determination of when construction of a project is substantially complete and ready for its intended use requires judgment. We determine when the capitalization period begins and ends through communication with project and other managers responsible for the tracking and oversight of individual projects. In the event that the activities to ready the asset for its intended use are suspended, the capitalization period will cease until such activities are resumed. If we determine not to complete a project, any previously capitalized costs are expensed in the period in which the determination is made and recovery is not deemed reasonable.

Our investments in real estate are carried at cost, net of depreciation and timber depletion, unless circumstances indicate that the carrying value of the assets may not be recoverable. If we determine that an impairment exists due to the inability to recover an asset's carrying value, an impairment charge is recorded to the extent that the carrying value exceeds estimated fair value. If such assets were held for sale, the provision for loss would be recorded to the extent that the carrying value exceeds estimated fair value less costs to sell.

Long-Lived Assets. We review our long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Long-lived assets include our investments in operating and development property and property and equipment, net. Some of the events or changes in circumstances that we consider as indicators of potential impairment include:

- a prolonged decrease in the fair value or demand for the properties;
- a change in the expected use or development plans for the properties;
- continuing operating or cash flow losses for an operating property; and
- an accumulation of costs in a development property to be held long-term above the amount originally expected.

We use varying methods to determine if impairment exists, such as (i) considering indicators of potential impairment, (ii) analyzing expected future cash flows and comparing the expected future undiscounted cash flows of the property to the carrying value, or (iii) determining market resale values.

The accounting estimate related to real estate impairment evaluation is susceptible to change due to the use of assumptions about future sales proceeds and future expenditures. For projects under development, an estimate of future cash flows on an undiscounted basis is performed using estimated future expenditures necessary to maintain the existing project and using management's best estimates about future sales prices and planned holding periods. Based on our investment return criteria for evaluating our projects under development or undeveloped, management's assumptions used in the projection of undiscounted cash flows include:

- the projected pace of sales of homesites based on estimated market conditions and our development plans;
- estimated pricing and projected price appreciation over time;
- the amount and trajectory of price appreciation over the estimate selling period;
- the length of the estimated development and selling periods, which can differ depending on the size of the development and the number of phases to be developed;
- the amount of remaining development costs, including the extent of infrastructure or amenities included in such development costs;
- holding costs to be incurred over the selling period;
- for bulk land sales of undeveloped and developed parcels future pricing is based upon estimated developed lot pricing less estimated development costs and estimated developer profit;
- for commercial development property, future pricing is based on sales of comparable property in similar markets; and
- whether liquidity is available to fund continued development.

For operating properties, an estimate of undiscounted cash flows requires management to make similar assumptions about the use and eventual disposition of such properties. Some of the significant assumptions that are used to develop the undiscounted cash flows include:

- for investments in inns and rental condominium units, average occupancy and room rates, revenues from food and beverage and other amenity operations, operating expenses and capital expenditures, and eventual disposition of such properties as private residence vacation units or condominiums, based on current prices for similar units appreciated to the expected sale date;
- for investments in commercial or retail property, future occupancy and rental rates and the amount of proceeds to be realized upon eventual disposition of such property at a terminal capitalization rate; and
- for investments in golf courses, future memberships, rounds and greens fees, operating expenses and capital expenditures, and the amount of proceeds to be realized upon eventual disposition of such properties at a multiple of terminal year cash flows.

Other properties that management does not intend to sell in the near term under current market conditions and has the ability to hold are evaluated for impairment based on management's best estimate of the long-term use and eventual disposition of the property. Typically, assets are carried based on historical cost basis which in some cases exceeds fair value if sold in the near term. The results of impairment analysis for development and operating properties are particularly dependent on the estimated holding and selling period for each asset group.

If a property is considered impaired, the impairment charge is determined by the amount the property's carrying value exceeds its fair value. We use varying methods to determine fair value, such as (i) analyzing expected future cash flows, (ii) determining resale values by market, (iii) applying a capitalization rate to net operating income using prevailing rates in a given market or (iv) applying a multiple to revenues using prevailing rates in a given market. The fair value of a property may be derived either from discounting projected cash flows at an appropriate discount rate, through appraisals of the underlying property, or a combination thereof.

We classify the assets and liabilities of a long-lived asset as held-for-sale when management approves and commits to a formal plan of sale and it is probable that a sale will be completed. The carrying value of the assets held-for-sale is then recorded at the lower of their carrying value or fair value less costs to sell.

Investments. We evaluate investments classified as available-for-sale with unrealized losses to determine if they are other-than-temporary impaired. This evaluation is based on various factors, including the financial condition, business prospects, industry and creditworthiness of the issuer, severity and length of time the securities were in a loss position, our ability and intent to hold investments until unrealized losses are recovered or until maturity and amount of the unrealized loss. If a decline in fair value is considered other-than-temporary, the decline is then bifurcated into its credit and non-credit related components. The amount of the credit-related component is recognized in earnings, and the amount of the non-credit related component is recognized in other comprehensive loss, unless we intend to sell the security or it is more likely than not that we will be required to sell the security prior to its anticipated recovery. Based on these factors, the unrealized losses related to the Company's debt securities of $1.1 million were determined to be temporary at December 31, 2015.

Retained interest investments. We have recorded retained interest investments with respect to the monetization of certain installment notes through the use of qualified special purpose entities, which are recorded in Other assets in our Consolidated Balance Sheets. At the time of monetization the initial retained interest recorded was an estimate based on the present value of future excess cash flows expected to be received over the life of the notes, using management’s best estimate of underlying assumptions, including credit risk and discount rates. We recognize investment income over the life of the retained interest using the effective yield method with rates ranging from 3.7%-11.7% based on expected future cash flows. We continue to update the expectation of cash flows to be collected over the life of the retained interest. Changes to the previously projected cash flows are accounted for prospectively, unless based on management’s assessment of current information and events, it is determined that there is an other-than-temporary impairment. We have not recorded an other-than-temporary impairment related to our retained interest investments during the three years ended December 31, 2015.

Pension plan. In 2014 the pension plan was terminated. In November 2012, the Board of Directors approved the termination of our Pension Plan, which was frozen in March 2013 pending regulatory approvals which were received in August 2014. As of December 31, 2014, the Pension Plan assets were distributed to Pension Plan participants and $7.9 million was distributed to our 401(k) Plan to pay additional future benefits. Subsequent to these distributions, the remaining Pension Plan assets of $23.8 million were reverted to us in December 2014. During 2015, we recorded an expense of $1.0 million for the fair value of the assets that were allocated to participants. Any gains and losses on these assets are reflected in the Company’s Consolidated Statements of Operations and were a $0.1 million gain for 2015. Refer to Note 8, *Financial Instruments and Fair Value Measurements.* In addition, we expect to record additional expenses of approximately $7.1 million as the assets in our 401(k) Plan are allocated to participants over the next six years.

Income Taxes. In preparing our Consolidated Financial Statements, significant management judgment is required to estimate our income taxes. 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. The temporary differences result in deferred tax assets and liabilities, which are included in our Consolidated Balance Sheets. Adjustments may be required by a change in assessment of our deferred tax assets and liabilities, changes due to audit adjustments by federal and state tax authorities, and changes in tax laws. To the extent adjustments are required in any given period we will include the adjustments in the deferred tax assets and liabilities in our Consolidated Financial Statements. We recorded a valuation allowance against our deferred tax assets based upon our analysis of the timing and reversal of future taxable amounts and our history and future expectations of taxable income.

A valuation allowance is recorded if based on the weight of available evidence it is more likely than not that some portion or all of the deferred tax asset will not be realized. Realization of our deferred tax assets is dependent upon us generating sufficient taxable income in future years in the appropriate tax jurisdictions to obtain a benefit from the reversal of deductible temporary differences and from net operating loss carryforwards.

We had no federal net operating loss carryforwards at December 31, 2015 and 2014. We had a state net operating loss carryforward of $325.7 million and $323.9 million, respectively, at December 31, 2015, and 2014. The majority of state net operating losses are available to offset future taxable income through 2031. As of December 31, 2015, based on the timing of reversal of future taxable amounts and our history of losses, we do not believe that we have met the requirements to realize the benefits of certain of our deferred tax assets for our state net operating loss carryforwards; therefore, we have maintained a valuation allowance of $6.0 million for these deferred tax assets at December 31, 2015.

Variable Interest Entities. In 2014, in connection with the AgReserves Sale, two special purpose entities were created, NFTF and Buyer SPE. We own the equity interest in NFTF, but no equity interest in the Buyer SPE. Both the Buyer SPE and NFTF are distinct legal entities and the assets of the Buyer SPE and NFTF are not available to satisfy our liabilities or obligations and the liabilities of the Buyer SPE and NFTF are not our liabilities or obligations. In the event that proceeds from the financial instruments are insufficient to settle all of the liabilities of the Buyer SPE or NFTF, we are not obligated to contribute any funds to either the Buyer SPE or NFTF.

We have determined that we are the primary beneficiary of the Buyer SPE and NFTF, and therefore, the Buyer SPE's and NFTF's assets and liabilities are consolidated in our financial statements as of December 31, 2015. The carrying amounts of the Buyer SPE's and NFTF's assets and non-recourse liabilities were $213.5 million and $180.3 million, respectively, as of December 31, 2015. The consolidated assets of the Buyer SPE and NFTF consist of a $200 million time deposit that subsequent to April 2, 2014 pays interest at 4.006% and matures in March 2029, accrued interest of $3.3 million on the time deposit, U.S. Treasuries of $8.5 million, and cash of $0.3 million and deferred issuance costs of $1.4 million for the Senior Notes. The consolidated liabilities include the Senior Notes issued by NFTF of $177.4 million net of the $2.5 million discount and $2.9 million accrued interest expense on the Senior Notes.

Our consolidated Statements of Operations for the year ended December 31, 2015 includes $8.2 million of interest income on the time deposit and amortization of the discounts on the U.S. Treasuries and $8.8 million of interest expense for the Senior Notes, amortization of the discount and issuance costs related to the Buyer SPE and NFTF.

Recently Issued Accounting Pronouncements

Revenue recognition

In May 2014, the FASB issued an ASU that establishes the principles used to recognize revenue for all entities. The new guidance will be effective for annual and interim periods beginning after December 15, 2017. Early application will be permitted, but not before annual reporting periods beginning after December 15, 2016. The Company is currently evaluating the impact that the adoption of this guidance will have on its Consolidated Balance Sheets, Statements of Operations, Statements of Comprehensive (Loss) Income or Statements of Cash Flows.

Consolidation

In February 2015, the FASB issued an ASU that amends the existing consolidation guidance related to (i) limited partnerships and similar legal entities, (ii) the evaluation of variable interests for fees paid to decision makers or service providers, (iii) the effect of fee arrangements and related parties on the primary beneficiary determination, and (iv) certain investment funds. These changes are expected to limit the number of consolidation models and place more emphasis on risk of loss when determining a controlling financial interest. The new guidance will be effective for the Company as of January 1, 2016. Early adoption is permitted, including early adoption in an interim period. The Company has evaluated the impact of the adoption of this guidance and determined there will be no impact on the Consolidated Balance Sheets, Statements of Operations, Statements of Comprehensive (Loss) Income or Statements of Cash Flows. The Company had not adopted this ASU as of December 31, 2015.

Debt issuance costs

In April 2015, the FASB issued an ASU that requires debt issuance costs related to a recognized debt liability to be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The amendment does not affect the recognition and measurement guidance for debt issuance costs. The new guidance should be applied on a retrospective basis and is effective for the Company as of January 1, 2016. Early adoption is permitted for financial statements that have not been previously issued. The Company has evaluated the impact of the adoption of this guidance and determined that the adoption will not have a material impact on its financial condition. The Company had not adopted this ASU as of December 31, 2015.

Financial Instruments

In January 2016, the FASB issued an ASU that amends existing guidance to address certain aspects of recognition, measurement, presentation, and disclosure of financial instruments. The new guidance will require equity investments (except those accounted for under the equity method of accounting, or those that result in consolidation of the investee) to be measured at fair value with changes in fair value recognized in net income. Additionally, certain disclosure requirements and other aspects of accounting for financial instruments will change as a result of the new guidance, which is effective for interim and annual reporting periods beginning after December 15, 2017. The Company is currently evaluating the impact that the adoption of the new guidance will have on its financial condition and results of operations.

Forward-Looking Statements

This annual report contains “forward-looking statements” within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. These statements concern expectations, beliefs, projections, plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts. Specifically, this annual report contains forward-looking statements regarding:

- our expectations concerning our future business strategy and the impact of this strategy on our cash flows, financial condition and results of operations;
- our expectations concerning our intent to seek additional opportunities to invest our liquid assets, including our intent to seek opportunities that could increase our returns;
- our expectation to repurchase our shares through our Stock Repurchase Program;
- our expectations concerning the benefits of our recent repurchase of shares, including our recent tender offer;
- our expectations concerning demand for residential real estate, including mixed-use and active adult communities in Northwest Florida and our ability to develop projects that meet that demand;
- our expectations regarding the wide range of residential and commercial uses of our Bay-Walton Sector Plan land holdings, including to serve the active adult retirement market;
- our beliefs concerning the volatility in the consistency and pace of our residential real estate sales, the type of buyers interested in our residential real estate, and the mix of homesites that will be available for sale and the related effect on our gross profit margins;
- our beliefs concerning the seasonality of our revenues;
- our expectations regarding the amount and timing of the impact fees which we will receive in connection with the RiverTown Sale;
- our expectations regarding the costs and benefits of the Timber Note monetization structure, including the timing and amount of the expenses that NFTF will incur during the life of the Timber Note and the amount of the remaining principal balance;
- our expectation regarding the lack of substantial revenues from sales of our timber or rural lands in the future;
- our expectation regarding our liquidity or ability to satisfy our working capital needs, expected capital expenditures, principal and interest payments on our debt and deferred tax liabilities;
- our expectation regarding cash flows to be received over the term and at the maturity of the 2007 and 2008 installment notes and our intent to hold such notes until maturity;
- our expectation regarding the impact of pending litigation, claims, other disputes or governmental proceedings, on our cash flows, financial condition or results of operations, and our belief regarding the defenses to pending litigation claims against us;
- our expectations with respect to the accounting treatment for the AgReserves Sale and related monetization and RiverTown Sale;
- our estimates regarding certain tax matters and accounting valuations, including our ability to use our tax assets to mitigate any tax liabilities that arise from the AgReserves Sale and the timing and amount we expect to pay in future income taxes;
- our expectations regarding the sufficiency of the Pension Plan’s surplus assets to fund future benefits to 401(k) Plan participants; and
- our expectations regarding the impact of new accounting pronouncements.

These forward-looking statements reflect our current views about future events and are subject to risks, uncertainties and assumptions. We wish to caution readers that certain important factors may have affected and could in the future affect our actual results and could cause actual results to differ significantly from those expressed in any forward-looking statement. The most important factors that could prevent us from achieving our goals, and cause the assumptions underlying forward-looking statements and the actual results to differ materially from those expressed in or implied by those forward-looking statements include, but are not limited to, those risk factors and disclosures set forth in this Form 10-K and subsequent Form 10-Qs and other current reports, and the following:

- any changes in our strategic objectives and our ability to implement such strategic objectives;
- any potential negative impact of our longer-term property development strategy, including losses and negative cash flows for an extended period of time if we continue with the self-development of recently granted entitlements;
- significant decreases in the market value of our investments in securities or any other investments;
- our use of our share repurchase authorization and our ability to carry on the Stock Repurchase Program in accordance with applicable securities laws;
- our ability to capitalize on opportunities relating to a mixed-use and active adult community or communities in Northwest Florida;
- changes in our customer base and the mix of homesites available for sale in our residential real estate;
- any downturns in real estate markets in Florida or across the nation;
- a slowing of the population growth in Florida, including a decrease of the migration of Baby Boomers to Florida;
- our dependence on the real estate industry and the cyclical nature of our real estate operations;
- our ability to successfully and timely obtain land use entitlements and construction financing, maintain compliance with state law requirements and address issues that arise in connection with the use and development of our land, including the permits required for mixed-use and active adult communities;
- changes in laws, regulations or the regulatory environment affecting the development of real estate;
- our ability to effectively deploy and invest our assets, including our available-for-sale securities;
- our ability to effectively manage our real estate assets, as well as the ability of our joint venture partner to effectively manage the day-to-day activities of the Pier Park North joint venture;
- our ability to successfully estimate the amount and timing of the impact fees we will receive in connection with the RiverTown Sale;
- our ability to successfully estimate the costs and benefits of the Timber Note monetization structure;
- increases in operating costs, including costs related to real estate taxes, owner association fees, construction materials, labor and insurance, and our ability to manage our cost structure;
- our ability to anticipate the impact of pending environmental litigation matters or governmental proceedings on our financial condition or results of operations;
- the expense, management distraction and possible liability associated with litigation, claims, other disputes or governmental proceedings;
- potential liability under environmental or construction laws, or other laws or regulations;
- our ability to successfully estimate the impact of certain accounting and tax matters that arise from the AgReserves Sale and RiverTown Sale;
- significant tax payments arising from any acceleration of deferred taxes that arise from the AgReserves Sale and other transactions; and
- the performance of the surplus assets in the Pension Plan may not be what we expected.

Item 7A. *Quantitative and Qualitative Disclosures about Market Risk*

We are exposed to market risks primarily from interest rate risk fluctuations. We have investments in corporate debt securities that have fixed interest rates for which changes in interest rates generally affect the fair value of the investment, but not the earnings or cash flows. In addition, our investments in corporate debt securities are non-investment grade, which could affect their fair value and could materially impact our results of operations if a decline in their value is determined to be other-than-temporary. A hypothetical 100 basis point increase in interest rates would result in a decrease of approximately $0.6 million in the market value of our available-for-sale securities as of December 31, 2015. Any realized gains or losses resulting from such interest rate changes would only occur if we sold the investments prior to maturity.

Our cash and cash equivalents are invested in demand deposit and money market instruments. Changes in interest rates related to these investments would not significantly impact our results of operations. The amount of interest earned on one of our retained interest investments is based on LIBOR. A 100 basis point change in the interest rate may result in an insignificant change in interest earned on the investment.

Item 8. *Financial Statements and Supplementary Data*

The Financial Statements and related notes on pages F 3 to F 46 and the Report of Independent Registered Public Accounting Firm on page F 2 are filed as part of this Report and incorporated by reference.

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

None.

Item 9A. ***Controls and Procedures***

(a) Evaluation of Disclosure Controls and Procedures. Our Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this report. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of the period covered by this report, our disclosure controls and procedures were effective.

(b) *Changes in Internal Control Over External Financial Reporting.* During the quarter ended December 31, 2015 there were no changes in our internal controls over external financial reporting that have materially affected, or are reasonably likely to materially affect, our internal controls over external financial reporting.

(c) *Management's Annual Report on Internal Control Over External Financial Reporting.*

Management of the Company is responsible for establishing and maintaining adequate internal control over external financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. The Company's internal control over external financial reporting is designed to provide reasonable assurance regarding the reliability of external financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. The Company's internal control over financial reporting includes those policies and procedures that:

(i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;

(ii) 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

(iii) 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 financial statements.

Management assessed the effectiveness of the Company's internal control over external financial reporting as of December 31, 2015. In making this assessment, management used the criteria described in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Based on our assessment and those criteria, management concluded that our internal control over external financial reporting was effective as of December 31, 2015. Management reviewed the results of their assessment with our Audit Committee. The effectiveness of our internal control over external financial reporting as of December 31, 2015 has been audited by KPMG LLP, an independent registered public accounting firm, as stated in their attestation report as follows.

(d) *Report of Independent Registered Public Accounting Firm.*

The Board of Directors and Stockholders
The St. Joe Company:

We have audited The St. Joe Company's (the Company's) internal control over financial reporting as of December 31, 2015, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) 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 (3) 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 financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, 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.

In our opinion, The St. Joe Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2015, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by COSO.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of The St. Joe Company and subsidiaries as of December 31, 2015 and 2014, and the related consolidated statements of operations, comprehensive (loss) income, changes in stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2015, and our report dated March 2, 2016 expressed an unqualified opinion on those consolidated financial statements.

/s/ KPMG
Jacksonville, Florida
March 2, 2016
Certified Public Accountants

Item 9B. ***Other Information***

Item 5.02 ***Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.***

(e) On November 24, 2015, our Compensation Committee approved an increase in the salary of Mr. Gonzalez from $250,000 to $350,000, effective January 1, 2016.

PART III

Item 10. ***Directors, Executive Officers and Corporate Governance***

Directors

Our Board of Directors (the "Board") is currently comprised of seven (7) directors. Under our Bylaws, directors are elected for a one-year term expiring at the next annual meeting of shareholders or until his or her successor is elected and qualified. The principal occupation and other pertinent information about the particular experiences, qualifications, attributes and skills for our current directors is set forth below.

Cesar L. Alvarez Age 68 Director since 2012	Mr. Alvarez has served as Senior Chairman of the international law firm of Greenberg Traurig, LLP, commencing in 2016. Prior to his appointment as Senior Chairman, Mr. Alvarez served as the firm's Co-Chairman from 2012 to 2016. He previously served as the firm's Chief Executive Officer from 1997 until his election as Executive Chairman in January 2010 and as its Executive Chairman from January 2010 until his election as Co-Chairman. Mr. Alvarez has served on the board of directors of each of Watsco, Inc. and Mednax, Inc. since 1997 and on the board of directors of Intrexon Corporation since 2008. Mr. Alvarez has also served on the board of directors of Fairholme Funds, Inc., which we refer to as the Fairholme Fund, since 2008 and on the board of directors of Sears Holding Corporation since 2013. *Qualifications*. The Board nominated Mr. Alvarez to serve as a director due to his management experience as the Senior Chairman and as former Chief Executive Officer of one of the nation's largest law firms with professionals providing services in multiple locations across the country, as well as his many years of corporate governance experience, both counseling and serving on the boards of directors of other publicly traded companies.
Bruce R. Berkowitz Age 57 Director since 2011 Chairman since 2011	Mr. Berkowitz is the Chief Investment Officer of Fairholme Capital Management, LLC, which we refer to as Fairholme, President of the Fairholme Fund and Manager of Fairholme Holdings LLC. The Fairholme Fund owned approximately 31.1% of our common stock as of February 26, 2016. Mr. Berkowitz has served as a director of the Fairholme Fund since 1999 and as a director of Sears Holding Corporation since February 2016. He has also served as a director of Olympus Re Holdings, Ltd. and Olympus Reinsurance Company, Ltd. (Bermuda) since 2001. Previously, Mr. Berkowitz served as a director of each of White Mountains Insurance Group, Ltd., a financial services holding company, from 2004 to 2010, AmeriCredit Corporation, a retail financial services company, from 2008 to 2009 and TAL International Group Inc., a lessor of intermodal freight containers and chassis, from 2004 to 2009. In addition, Mr. Berkowitz was Managing Member of Fairholme from 1997 to 2014. *Qualifications*. The Board nominated Mr. Berkowitz to serve as a director because of his extensive financial and investment experience and his valuable network of business and professional relationships.

Howard S. Frank Age 74 Director since 2011	Mr. Frank is currently a Consultant to the CEO and to the Chairman of Carnival Corporation & plc ("Carnival"). He has also served as Chairman of the board of directors of Costa Crociere, S.p.A., Carnival's largest cruise group in Europe since 2014. From 1989 until 2013, Mr. Frank served as the Vice Chairman, Chief Operating Officer and director of Carnival, one of the largest cruise vacation groups in the world. Mr. Frank is a past Chairman and current Vice Chairman of the Board of Trustees for the New World Symphony and currently serves as an independent director on the board of directors of the Fairholme Fund. *Qualifications*. The Board nominated Mr. Frank to serve as a director because of his extensive strategic accounting, operational experience and sound business judgment demonstrated throughout his career with Carnival, as well as his experience as an Audit Committee Chair with the Fairholme Fund.
Jorge L. Gonzalez Age 51 Director since 2015	Mr. Gonzalez joined us in 2002 and has served as our President and Chief Executive Officer since November 2015. During his time with the Company, Mr. Gonzalez has served in roles of increasing responsibility and most recently as the Company's Senior Vice President of Development from March 2015 to November 2015. In that role, Mr. Gonzalez supervised the long and complex sector planning entitlement process that was successfully concluded in 2015. Mr. Gonzalez has over 26 years of continuous experience in various planning and real estate related roles. Mr. Gonzalez is a member of the Urban Land Institute and serves on various community boards and organizations including the Florida State University Panama City Campus Development Board, the Bay County Economic Development Alliance, the Northwest Florida Manufacturer's Council, Gulf Coast Regional Medical Center, and Enterprise Florida. *Qualifications*. The Board nominated Mr. Gonzalez to serve as a director because of his extensive experience in the real estate development industry, including as an executive officer of the Company.
Stanley Martin Age 68 Director since 2012	Mr. Martin is currently a private investor with significant finance executive experience. From 2004 to 2006, Mr. Martin served as the Chief Audit Executive for the Federal Home Loan Mortgage Corporation. Previously, he served as the Chief Financial Officer of Republic New York Corporation and Republic National Bank from 1998 until its acquisition by HSBC Bank in 2000 and then as an Executive Vice President and consultant with HSBC Bank through April 2003. Mr. Martin formerly served as a member of the Board of Trustees and Chairman of Audit Committee of John Hancock Funds, which is composed of over 50 mutual funds including 10 New York Stock Exchange closed end funds. Mr. Martin was previously a partner of and spent 27 years with KPMG LLP, and holds an active license in the State of Florida as a Certified Public Accountant. *Qualifications*. The Board nominated Mr. Martin to serve as a director because of his significant finance and accounting experience and his experience as an Audit Committee Chair with John Hancock Funds.
Thomas P. Murphy, Jr. Age 67 Director since 2011	Mr. Murphy is Chairman and Chief Executive Officer of Coastal Construction Group, a construction company that he founded in 1989. Mr. Murphy has 47 years of construction and development experience, which encompasses hospitality, resort, single and multi-family residential, commercial, educational and industrial projects. Mr. Murphy is an honorary Board member of Baptist Health Systems of South Florida and is a member of the Construction Industry Round Table, the National Association of Home Builders and the Florida Home Builders Association. Mr. Murphy also co-founded Seaboard Construction, which he grew to become one of the largest general contractors in Florida, selling the company in 1988 to Turner Construction, the largest general contractor in the United States at the time. Mr. Murphy has served as a director of Interval Leisure Group, Inc. since August 2008. *Qualifications*. The Board nominated Mr. Murphy to serve as a director because of his valuable entrepreneurial skills and extensive knowledge of construction and real estate in Florida as well as his experience serving on the board of directors of a public company.

Vito S. Portera Age 73 Director since 2014	Mr. Portera is currently a private investor who previously served as Vice Chairman and director of Republic New York Corporation, Vice Chairman and director of Republic National Bank of New York and officer of various subsidiaries from 1969 until its acquisition by HSBC Bank in 2000 and then as an Executive Vice President until April 2000. *Qualifications.* The Board nominated Mr. Portera to serve as a director because of his significant finance and investment experience as well as his prior senior executive experience.

Executive Officers

Set forth below is certain information relating to our current executive officers and key employees other than Mr. Gonzalez. Biographical information with respect to Mr. Gonzalez is set forth above under “Directors”.

Marek Bakun, 44, has served as our Chief Financial Officer since October 2013 and as our Executive Vice President since May 2014. Prior to joining us in 2013, Mr. Bakun served as Chief Financial Officer and Treasurer of Orleans Homebuilders, Inc., in Bensalem, Pennsylvania from February 2011 until October 2013. From October 2010 to February 2011, Mr. Bakun served in a senior finance position for MDC Holdings, Inc., a homebuilder which builds under the name Richmond American Homes, where he provided financial analysis in connection with systems implementation in two of the company’s U.S. markets and provided financial analysis on other initiatives. From April 2008 to October 2010, Mr. Bakun served as Chief Financial Officer and Treasurer for Mattamy Homes Corporation with responsibility for financial controls in its five U.S. markets. From 1999 to April 2008, Mr. Bakun served in positions of increasing responsibility for Morrison Homes, which merged into Taylor Morrison Home Corporation during his tenure, and was appointed Vice President and Chief Financial Officer in August 2006.

Kenneth M. Borick, 55, has served as our Senior Vice President, General Counsel and Corporate Secretary since February 2012. From September 2000 until February 2012, Mr. Borick held various positions of increasing responsibility within St. Joe, primarily in the legal department. Mr. Borick has over twenty years of legal experience, which began with the private practice of law in South Carolina. Mr. Borick then spent seven years with The Walt Disney Company prior to joining us in 2000.

David S. Harrelson, 60, joined us in 1976 and has served as our Senior Vice President, Timberland since February 2012. Previously, Mr. Harrelson served as our Vice President, Timberland from 2006 until February 2012. Mr. Harrelson is responsible for the timber resources and land management on non-entitled property. Since joining St. Joe as an entry-level forester, Mr. Harrelson has held various positions of increasing responsibility within the forestry division.

Patrick W. Murphy, 45, has served as our Senior Vice President, Operations since October 2012. From March 2006 until October 2012, Mr. Murphy served as the General Manager of the WaterColor Inn & Resort, our wholly owned resort. Prior to joining us, Mr. Murphy held various management positions with Five Diamond and Five Star Resorts, including Nemacolin Woodlands Resort from 2004 to 2006 and Sea Island Company from 2001 to 2004.

Corporate Governance

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 (“Exchange Act”) requires our directors and executive officers, and persons who beneficially own more than 10% of a registered class of our equity securities, to file reports with the SEC relating to their common stock ownership and changes in such ownership. To our knowledge, based solely on our records and certain written representations received from our executive officers and directors, during the year ended December 31, 2015, directors, executive officers and greater than 10% shareholders complied with their Section 16(a) filing requirements applicable to them on a timely basis.

Code of Ethics

Our Board has adopted a Code of Business Conduct and Ethics, which we refer to as the Code, applicable to all our directors, officers and employees. Its purpose is to promote our commitment to standards for ethical business practices. The Code provides that it is our policy that our business be conducted in accordance with the highest legal and ethical standards. Our reputation for integrity is one of our most valuable assets, and each director, officer and employee is expected to contribute to the care and preservation of that asset. The Code addresses a number of issues, including conflicts of interest, corporate opportunities, use and protection of company assets, fair dealing, confidential information, insider trading and stock transactions, media and public inquiries, accounting matters, books and record keeping, working with governments and compliance with applicable laws, including antitrust and competition laws.

Our Code, which was most recently revised in November 2013, is available to view under the Investor Relations - Corporate Governance section of our website, located at www.joe.com. We intend to post on our website information regarding any amendment to the Code or any waiver granted under the Code covered by Item 5.05 of Form 8-K within four business days following the date of the amendment or waiver.

Audit Committee and Audit Committee Financial Expert

We currently have a standing Audit Committee. Our Audit Committee currently consists of three members: Stanley Martin (Chairman), Howard S. Frank and Vito S. Portera. The Audit Committee's responsibilities include, among other things:

- appointing our independent auditors and monitoring their performance, qualifications and independence;
- assisting the Board's oversight of the quality and integrity of our financial statements;
- reviewing with management, the internal auditor and independent auditors, the quality, adequacy and effectiveness of our internal control over financial reporting;
- reviewing our policies and processes with respect to risk assessment and risk management;
- exercising an oversight role with respect to our internal audit function; and
- reviewing with management our policies with respect to compliance with laws and regulations, including our Code of Business Conduct and Ethics.

In addition, the Audit Committee has sole authority to pre-approve all auditing services, internal control-related audit services and permitted non-audit services to be provided by the independent auditors. The Audit Committee may delegate any of its responsibilities, as it deems appropriate, to a subcommittee composed of one or more members.

Independence and Financial Expertise

The Board reviewed the background, experience and independence of the Audit Committee members based in large part on the directors' responses to questions relating to their relationships, background and experience. Based on this review, the Board determined that each member of the Audit Committee:

- meets the independence requirements of the NYSE's corporate governance listing standards;
- meets the enhanced independence standards for audit committee members required by the Securities and Exchange Commission;
- is financially literate, knowledgeable and qualified to review financial statements; and
- is free of any relationship that, in the opinion of the Board, may interfere with his or her exercise of independent judgment as an Audit Committee member.

In addition, the Board has determined that each of Howard S. Frank, Stanley Martin and Vito S. Portera qualifies as an "audit committee financial expert" under SEC rules.

Procedures for Shareholder Nominations

There have been no material changes to the procedures by which security holders may recommend nominees to our Board since such disclosures were last provided in our proxy statement in connection with our 2015 annual meeting of shareholders.

Item 11. *Executive Compensation*

Compensation Discussion and Analysis

This Compensation Discussion and Analysis is designed to provide our shareholders with a clear understanding of our compensation philosophy and objectives, the compensation-setting process, and the 2015 compensation of our named executive officers (identified below), who we sometimes refer to as our NEOs.

Named Executive Officers

For 2015, our "named executive officers" were:

- Jorge L. Gonzalez, our President and Chief Executive Officer and *former* SVP, Development;
- Marek Bakun, our EVP and Chief Financial Officer;
- Kenneth Borick, our SVP, General Counsel and Corporate Secretary;
- David Harrelson, our SVP, Timberland;
- Patrick Murphy, our SVP, Operations;
- Jeffrey Keil, our *former* President and Interim Chief Executive Officer; and
- Patrick Bienvenue, our *former* EVP and Senior Advisor to the Chairman.

In November 2015, the Board appointed Jorge Gonzalez as our President and Chief Executive Officer. Mr. Gonzalez has been with the Company since 2002, most recently as our Senior Vice President of Development. In connection with Mr. Gonzalez's appointment, Jeffrey Keil, our Interim Chief Executive Officer, stepped down from that position.

Compensation Setting Process

Role of Compensation Committee

Pursuant to its Charter, the Compensation Committee is responsible for, among other things, establishing our general compensation philosophy and overseeing the development and implementation of our compensation and benefits program. The Compensation Committee is also responsible for reviewing the performance of our CEO and other executive officers and, together with the other independent members of the Board, setting the compensation of the CEO and such other executive officers.

Role of Management

Our management develops background and supporting materials for review at Compensation Committee meetings, attends Compensation Committee meetings at the committee's request, and provides information regarding, and makes recommendations about, designs for and, if warranted, changes to our executive compensation programs. Our CEO generally attends Compensation Committee meetings, but will not participate in any decisions relating to his own compensation. CEO performance and compensation are discussed by the Compensation Committee in executive session. Our CEO, without the presence of any other members of senior management, actively participates in the performance and compensation discussions for our senior executives, including making recommendations to the Compensation Committee as to the amount and form of compensation.

Elements of Compensation

Our 2015 executive compensation program consisted of base salary and discretionary bonuses payable based on the Compensation Committee's discretionary evaluation of our overall financial performance and the contribution of the individual named executive officer to such performance. In addition, our named executive officers receive the same benefits and perquisites that are available to all employees generally. The Compensation Committee does not have a formal policy relating to the allocation of total compensation among the various components. The Compensation Committee currently does not have an annual performance-based bonus plan or a formal long-term equity incentive plan. We anticipate that more formalized programs may be adopted in the future.

Base Salary

Objective: The Compensation Committee believes that base salary should provide executives certainty that they will receive competitive compensation.

Performance Considerations: Base salary is designed to adequately compensate and reward the executive on a day-to-day basis for the time spent and the services the executive performs. When setting and adjusting individual executive salary levels, the Compensation Committee considers the executive officer’s responsibilities, experience, potential, individual performance and the Compensation Committee’s evaluation of its competitive market position. The Compensation Committee also considers other factors such as demand in the labor market and comparable salaries for the particular executive and succession planning. These factors are not weighted. The Compensation Committee bases salary adjustments on the overall assessment of all of these factors. The Compensation Committee does not target base pay at any particular level versus a peer group, but uses its judgment based on all available information (including, from time to time, market and survey data compiled by compensation consultants) to set a base salary that, when combined with all other compensation elements, results in a competitive pay package.

Committee Actions Taken in 2015: Mr. Gonzalez did not receive a salary increase in connection with his appointment as President and Chief Executive Officer in November 2015, but continued to receive his base salary of $250,000 from his previous position with the Company. In 2015, the Compensation Committee reviewed base salaries for each NEO and determined that the base salary for Mr. Borick was below competitive market salary levels. Consequently, the Compensation Committee approved an increase in Mr. Borick’s base salary to $300,000. No other NEO received a base salary increase for 2015. However, the Compensation Committee approved an increase in Mr. Gonzalez’s base salary from $250,000 to $350,000, effective January 1, 2016.

Discretionary Bonuses

Objective: The Compensation Committee awards discretionary bonuses to our named executive officers to reward such officers for their individual contributions to our overall performance in a given year and to assist in providing a competitive compensation package. The Committee believes that discretionary bonuses, if any, should be subject to the achievement of the Company of the financial and operational objectives set by the Board from time to time, the financial results of the Company during the year, the Company’s liquidity position at the end of the year and the Board’s expectations regarding the required uses of liquidity in the upcoming year. We believe that making such compensation “at risk” provides significant motivation for increasing company and individual performance.

Performance Considerations: Discretionary bonuses (if any) will be paid based on the Compensation Committee’s discretionary evaluation of our overall financial performance, the contribution of the particular named executive officer to such performance and the other factors discussed above. The Compensation Committee also takes into consideration the target bonus amounts set in such named executive officer’s employment agreement, if applicable. The amount of any discretionary bonus awarded is determined by the Compensation Committee, in its sole discretion, and in consultation with the independent directors of the Board. Bonuses are typically paid in cash during the first quarter, however, the Compensation Committee has, and may in the future, decide to award bonuses during the year for exemplary performance.

Committee Actions Taken with Respect to 2015 Performance: The Compensation Committee, in consultation with the independent directors of the Board, approved the following discretionary cash bonus awards for 2015 performance: $250,000 for Mr. Bakun, $200,000 for Mr. Borick, $50,000 for Mr. Harrelson and $60,000 for Mr. Murphy. In addition, Mr. Gonzalez was paid a discretionary bonus of $1,000,000 for his exemplary service and leadership in connection with his responsibilities arising from his position as Senior Vice President of Development prior to being named Chief Executive Officer. Mr. Gonzalez did not receive an additional bonus for his services as Chief Executive Officer.

Mr. Keil stepped in as our Interim Chief Executive Officer and provided invaluable leadership during a critical period of transition for the Company. Among many things, Mr. Keil was instrumental in assessing talent at St. Joe and formulating a succession plan for our executive leadership. In recognition of his contributions and in lieu of a bonus, the Compensation Committee, in consultation with independent directors of the Board, awarded Mr. Keil a severance payment in the amount of $500,000 upon his departure from the Company.

Employment Agreements

Employment Agreement with Mr. Bakun

In connection with his appointment as CFO, we entered into an employment agreement with Mr. Bakun to serve as CFO for a period of one year, commencing on October 7, 2013. On April 1st of each successive one year anniversary from that date, the employment agreement will automatically renew for an additional year, unless it is terminated at least 30 days prior to the applicable renewal date.

Pursuant to the employment agreement, Mr. Bakun will receive an annual base salary of $350,000, which may be increased by the Compensation Committee. In addition, Mr. Bakun is eligible for an annual cash bonus with a target award equal to 100% of his base salary rate.

The employment agreement provides that, upon termination of Mr. Bakun's employment following his resignation for good cause, for a reason other than for cause or due to his death or disability, Mr. Bakun is entitled to receive (i) an amount equal to his annual base salary as of the termination date, paid ratably over a 12 month period following such date and (ii) a monthly amount equal to the employer portion of the applicable COBRA premium for the level of coverage that Mr. Bakun has as of the termination date, which will be paid for a period of 18 months. The employment agreement provides for certain noncompetition, confidentiality, non-solicitation and non-disparagement covenants. Mr. Bakun's severance payment is conditioned upon his execution of a separation and release agreement.

Employment Agreement with Mr. Bienvenue

Prior to his separation from the Company in November 2015, Mr. Bienvenue had an employment agreement with the Company. The employment agreement provided for an annual base salary of $400,000 for Mr. Bienvenue, which may have been increased, but not decreased, by the Compensation Committee. For 2015, Mr. Bienvenue's base salary was $500,000. In addition, Mr. Bienvenue is eligible for an annual cash bonus with a target award equal to 100% of his base salary rate.

Mr. Bienvenue's employment agreement provided that, upon our termination of his employment without cause or his resignation for good reason, Mr. Bienvenue, would have been entitled to receive (i) ratably over a 12 month period after the termination date, an amount equal to his base salary as in effect on the termination date, and (ii) a monthly amount equal to the employer portion of the applicable COBRA premium for a period of 18 months.

In connection with his separation, we and Mr. Bienvenue entered into a separation agreement pursuant to which Mr. Bienvenue was entitled to (i) $500,000 and (ii) reimbursement for health insurance for 18 months, each as provided in his employment agreement. In addition, we agreed to pay Mr. Bienvenue a one-time lump sum in the amount of $100,000. Mr. Bienvenue agreed to a general release and to comply with certain non-competition, confidentiality and non-disparagement obligations. The amount of $600,000 has been paid.

Retirement Plans

We previously provided retirement benefits to our named executive officers through a Pension Plan and 401(k) retirement plan. However, effective March 2013, we froze the Pension Plan and, in August 2014, we received the requisite regulatory approvals to terminate the Pension Plan. Currently, we provide retirement benefits to our named executive officers solely through our 401(k) retirement plan pursuant to which we contribute the same percentage of salary as we do for our other employees, subject to a cap.

Health and Welfare Benefits and Perquisites

We have traditionally provided our named executive officers with a variety of health and welfare benefits. In addition we provide the perquisites reflected in the All Other Compensation column in the "Summary Compensation Table" and more fully described in the footnote to that column. The only perquisites that our named executive officers are currently entitled to receive, other than those that are available to all employees, are reimbursement for annual physical exams and membership in our St. Joe Club & Resorts (the latter of which has no incremental cost to us).

Tax Deductibility

Section 162(m) of the Internal Revenue Code of 1986, as amended, precludes public companies from taking a federal income tax deduction for compensation in excess of $1 million paid to individual named executive officers unless certain specific and detailed criteria are met, including the requirement that compensation be “performance based” and under a plan approved by our shareholders. Because St. Joe had previously operated with net operating losses, the tax deductibility of compensation has not been a major consideration in the Compensation Committee’s compensation decisions; however this may become a consideration in the future.

Consideration of Shareholder Advisory Vote

As part of its compensation setting process, the Compensation Committee also considers the results of the prior-year’s shareholder advisory vote on our executive compensation to provide useful feedback regarding whether shareholders believe that the Compensation Committee is achieving its goal of designing an executive compensation program that promotes the best interests of St. Joe and its shareholders by providing its executives with the appropriate compensation and meaningful incentives. In 2015, the Compensation Committee took into consideration that approximately 88% of the votes cast on the shareholder advisory vote were voted in favor of our executive compensation in its decision to maintain the current compensation program and philosophy. The Compensation Committee intends to annually review the results of the advisory vote and will be cognizant of this feedback as it completes its annual review of each pay element and the total compensation packages for our NEOs.

Compensation Committee Report

The Compensation Committee has reviewed and discussed with management the Compensation Discussion and Analysis included in this Annual Report on Form 10-K for the fiscal year ended December 31, 2015. Based on those reviews and discussions, the Compensation Committee has recommended to the Board that the Compensation Discussion and Analysis be included in this Annual Report on Form 10-K for the fiscal year ended December 31, 2015 for filing with the Securities and Exchange Commission.

Compensation Committee
Howard S. Frank, Chair
Thomas P. Murphy, Jr.
Vito S. Portera
March 2, 2016

Compensation Committee Interlocks and Insider Participation

The Compensation Committee currently consists of Howard S. Frank (Chairman), Thomas P. Murphy, Jr. and Vito S. Portera. None of the members of the Compensation Committee was at any time during 2015 or at any other time an officer or employee of St. Joe. No executive officer of St. Joe serves as a member of (i) a board of directors or (ii) a compensation committee of any other entity that has one or more executive officers serving as a member of our Board of Directors or Compensation Committee.

2015 Summary Compensation Table

The following table sets forth the compensation earned by each of our named executive officers, or NEOs, for 2015, 2014 and 2013. In accordance with applicable SEC rules, we are providing compensation information for named executive officers only for years in which they qualified as named executive officers.

Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Award ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)(1)	All Other Compensation ($)(2)	Total ($)
Jorge Gonzalez President and Chief Executive Officer	2015	250,000	1,000,000	—	—	53,000(3)	1,303,000
Marek Bakun EVP and Chief Financial Officer	2015	350,000	250,000	—	—	53,000(3)	653,000
	2014	350,000	250,000	—	—	58,600	658,600
	2013	71,346	132,466	—	—	100,114	303,926
Kenneth Borick SVP, General Counsel and Corporate Secretary	2015	293,231(4)	200,000	—	—	53,000(3)	546,231
	2014	253,308	128,000	—	39,746	34,500	455,554
	2013	241,539	196,000	—	(39,972)	392	397,959
David Harrelson SVP, Timberland	2015	190,000	50,000	—	—	53,000(3)	293,000
	2014	190,000	50,000	—	55,937	34,500	330,437
	2013	180,769	250,000	—	(30,359)	2,572	402,983
Patrick Murphy SVP, Operations	2015	190,000	60,000	—	—	52,635(3)	302,635
Patrick Bienvenue *Former* EVP	2015	480,770	—	—	—	600,000(5)	1,080,770
	2014	500,000	350,000	—	3,865	34,500	888,365
	2013	500,000	500,000	—	7,452	1,127	1,008,580
Jeffrey Keil *Former* President and Interim Chief Executive Officer	2015	230,769	—	—	—	517,740(3)(6)	748,509
	2014	142,789	—	50,009	—	—	192,798

(1) The amounts shown represent the change in present values of the Pension Plan benefits in 2013 and 2014. St. Joe discontinued its nonqualified deferred capital accumulation plan effective December 30, 2011 and froze the Pension Plan, effective March 27, 2013. As of December 31, 2015, the pension plan assets were distributed. The changes in pension values shown reflect the changes in the present value of pension benefits from one year end to the next. Factors affecting the changes in present values include the impact of the value of benefits earned in the current year, the growth in the value of benefits earned in prior years due to the passage of time and the impact of changes in assumptions. This present value calculation was based on actuarial assumptions and discounting and was not a direct reflection of the change in each participant's actual account balance in the Pension Plan during the year.

(2) Our NEOs are provided with membership to our St. Joe Club & Resorts which has no incremental cost to us.

(3) The amount shown represents Company 401(k) Plan contributions in 2015. The Company contributes the same percentage of salary for all employees, subject to a cap.

(4) The amount shown includes a pro-rata adjustment due to an increase in Mr. Borick's base salary from $256,000 to $300,000 in 2015.

(5) The amount shown includes (i) a $100,000 one-time cash lump sum payment and (ii) one times (1x) his base salary that were paid to Mr. Bienvenue in connection with his departure from the Company in November 2015. See above "*Compensation Discussion & Analysis - Employment Agreements - Employment Agreement with Mr. Bienvenue*."

(6) In lieu of an annual bonus, the Company paid to Mr. Keil a severance payment of $500,000 in connection with his services as our Interim Chief Executive Officer.

Outstanding Equity Awards at December 31, 2015

The following table provides information on the outstanding equity awards held by the named executive officers at December 31, 2015.

	Option Awards			
Name	**Number of Securities Underlying Unexercised Options Exercisable (#)**	**Number of Securities Underlying Unexercised Options Unexercisable (#)**	**Option Exercise Price ($)**	**Option Expiration Date**
Jorge Gonzalez	—	—	—	—
Marek Bakun	—	—	—	—
Kenneth Borick	2,595	—	54.05	2/12/17
David Harrelson	1,446	—	54.05	2/12/17
Patrick Murphy	—	—	—	—
Patrick Bienvenue	—	—	—	—
Jeffrey Keil	—	—	—	—

Pension Benefits

The Company's Pension Plan was frozen in March 2013 and terminated in August 2014.

Potential Payments Upon Termination or Change in Control

Mr. Bakun

As discussed in the Compensation Discussion and Analysis under "*Employment Agreements*", we have entered into an employment agreement with Mr. Bakun that provides for certain payments and other benefits if employment with us is terminated without "cause" or by Mr. Bakun for "Good Reason". Upon a termination by us without "cause" or by Mr. Bakun for "Good Reason", Mr. Bakun is entitled to receive:

- salary continuation for a period of 12 months from the termination date and
- payments equal to our portion of the cost of continued health and welfare benefits for an 18-month period from the termination date.

Mr. Bakun's employment agreement does not provide for any additional benefits if such termination occurs in connection with a change in control. In addition, the employment agreement does not provide any gross-up for excise taxes. Instead, the employment agreement provides that any amounts that would have been payable as a severance payment will be carved-back, as necessary, to avoid the payment of any excise taxes. Additionally, the employment agreement does not provide for any additional benefits in the event of death or termination due to disability.

The following table shows the termination payments that Mr. Bakun would receive pursuant to his employment agreement in connection with his termination without cause or by Mr. Bakun for good reason. These amounts have been quantified as if such termination events occurred on December 31, 2015.

Name and Type of Payment/Benefit	Payments Upon Termination Without Cause[1] or for Good Reason[2] ($)
Marek Bakun	
Salary	$350,000
Continuation of Benefits[3]	$26,685
Total Termination Payments/Benefits	$376,685

(1) Pursuant to the terms of Mr. Bakun's employment agreement, "cause" means termination due to (a) the executive's continued failure to substantially perform the executive's employment duties (other than any such failure resulting from the executive's incapacity due to physical or mental illness) which are demonstrably willful and deliberate on the executive's part and which are not remedied in a reasonable period of time after receipt of notice from St. Joe, (b) the willful engaging by the executive in illegal conduct or gross misconduct which causes financial or reputational harm to St. Joe, (c) the conviction of a felony or a guilty or nolo contendere plea by the executive with respect thereto, (d) the material breach by the executive of his employment agreement or any of St. Joe's written policies, (e) the habitual abuse of narcotics or alcohol by the executive, (f) engaging in fraud in connection with the business of St. Joe or misappropriation of St. Joe's funds or property, or (g) the executive's disqualification or bar by any governmental or self-regulatory authority from serving in the capacity contemplated by the employment agreement or the executive's loss of any governmental or self-regulatory license that is reasonably necessary for the executive to perform his responsibilities.

(2) Pursuant to the terms of Mr. Bakun's employment agreement, "good reason" means the executive's termination of the executive's employment for any one or more of the following reasons without the executive's express written consent: (a) a significant diminution in the executive's position, authority, comparable duties or responsibilities, excluding for these purposes: (i) an isolated, insubstantial or inadvertent action not taken in bad faith that is remedied by St. Joe within thirty (30) days after receipt of written notice thereof given by the executive as provided in Section 5.4 of the employment agreement, (ii) a change in the person to whom (but not the position to which) the executive reports, or (iii) the executive ceasing to be an executive officer subject to Section 16(b) of the Exchange Act; (b) a material failure by St. Joe to comply with any of the provisions of Section 4 of the employment agreement other than an isolated, insubstantial or inadvertent failure not occurring in bad faith that is remedied by St. Joe within thirty (30) days after receipt of notice thereof given by the executive pursuant to Section 5.4 of the employment agreement; (c) any purported termination by St. Joe of the executive's employment otherwise than as expressly permitted by the employment agreement; or (d) any failure by St. Joe to comply with and satisfy Section 9.3 of the employment agreement.

(3) Pursuant to terms of his employment agreement, Mr. Bakun, whether terminated without cause or for good reason, receives a continuation of health and welfare benefits for a period of 18 months following the date of termination.

Director Compensation

Annual Retainer. For 2015, our Board approved the annual retainer fees set forth below, payable in cash. We do not pay meeting fees. Annual retainer fees are payable quarterly in advance.

- $75,000 for each non-employee director;
- an additional $25,000 for the Chairman of the Board;
- an additional $10,000 for the Chair of the Governance and Nominating Committee;
- an additional $12,500 for the Chair of the Compensation Committee; and
- an additional $25,000 for the Chair of the Audit Committee.

Messrs. Berkowitz and Frank waived their rights to receive the annual retainer or committee chair fees for their service on the Board in 2015.

Annual Equity Grant. Following each annual meeting of our shareholders, the Compensation Committee grants an equity compensation award to each non-employee director. In 2015, the Compensation Committee granted to each non-employee director an equity grant with an aggregate fair market value of $50,007, based on the closing price of our common stock on the grant date.

Messrs. Berkowitz and Frank waived their rights to receive annual equity grants for their service on the Board in 2015. In lieu of the annual equity grant, the Compensation Committee approved paying Mr. Alvarez the equivalent value of the equity award in cash for 2015 and intends to do so in 2016.

Expense Reimbursement. We reimburse directors for travel expenses related to attending Board and committee meetings and for other company related business. In certain circumstances, we will pay the costs for directors to fly on a private airplane to attend Board and committee meetings or for other company business. We may also invite director spouses to accompany directors to some of our Board meetings, for which we pay or reimburse travel expenses. In addition, we reimburse directors for seminar fees and travel expenses associated with attending one approved educational seminar each year.

Charitable Matching Program. We have chosen to support the charitable and civic activities of our directors. We will match each director's cash contributions to charities in which he serves as an officer or trustee up to an aggregate annual amount of $5,000 per director. We will also contribute to events at which directors are recognized for their services to charitable or civic causes. Only Mr. Alvarez participated in this program during 2015.

2015 Director Compensation

The following table sets forth the compensation paid in 2015 to each director, other than Mr. Gonzalez whose 2015 compensation for his services as President and CEO for the remainder of 2015 is discussed under "*Executive Compensation*".

Name	Fees Earned or Paid in Cash(1) ($)	Stock Awards(2) ($)	All Other Compensation ($)	Total ($)
Cesar L. Alvarez	135,000	—	5,000(3)	140,000
Bruce R. Berkowitz(4)	—	—	—	—
Howard S. Frank(4)	—	—	—	—
Stanley Martin	100,000	50,007	—	150,007
Thomas P. Murphy, Jr.	75,000	50,007	—	125,007
Vito S. Portera	75,000	50,007	—	125,007

(1) The amounts shown include the annual retainer fees for all directors. For Mr. Alvarez, the amount also includes (i) $50,000 in cash granted in lieu of Mr. Alvarez's annual equity grant for 2015, and (ii) fees in the amount of $10,000 for his service as Chair of the Governance and Nominating Committee. For Mr. Martin, the amount also includes fees in the amount of $25,000 for his service as Chair of the Audit Committee.

(2) Represents the grant date fair value of the Annual Equity Grant of 3,220 shares of common stock awarded to Messrs. Martin, Murphy and Portera on June 30, 2015, based on a closing market price of our common stock of $15.53 on June 30, 2015. The amounts shown represent the grant date fair value under FASB ASC Topic 718. Please refer to Note 17 of our Consolidated Financial Statements included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2015, filed with the SEC on February 29, 2016 for the assumptions utilized in calculating fair value. As of December 31, 2015, none of our Directors held unvested restricted stock units or unexercised options.

(3) The amount shown represents a matching contribution in the amount of $5,000 paid by the Company to United Way of Miami-Dade in accordance with the Company's Charitable Matching Program. The Charitable Matching Program matches each director's cash contributions to charities in which he serves as an officer or trustee up to an aggregate annual amount of $5,000 per director and also provides for contributions to events at which directors are recognized for their services to charitable or civic causes.

(4) Messrs. Berkowitz and Frank waived their rights to receive any compensation for their service on the Board in 2015.

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

Equity Compensation Plan

	Equity Compensation Plan Information		
	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a))
	(a)	(b)	(c)
Equity compensation plans approved by security holders			
2009 Equity Incentive Plan[(1)]	99,755	54.15	—
2015 Performance and Equity Incentive Plan	—	—	1,500,000
Equity compensation plans not approved by security holders	—	—	—
Total	99,755	54.15	1,500,000

(1) Upon adoption of the 2015 Performance and Equity Incentive Plan (the "2015 Plan"), the remaining shares available for awards under the 2009 Equity Incentive Plan (the "2009 Plan") were included in the 1,500,000 shares approved under the 2015 Plan. Stock options previously granted under the 2009 Plan are still outstanding and to the extent that such options are exercised prior to their expiration, shares will be issued under the 2009 Plan.

Principal Holders of Stock

The following table shows the number of shares of common stock held by all persons who are known by us to beneficially own or exercise voting or dispositive control over more than five percent of our outstanding common stock as of February 26, 2016:

Name and Address	Number of Shares Beneficially Owned	Percent of Class[(1)]
Fairholme Capital Management, LLC, Bruce R. Berkowitz and Fairholme Funds, Inc. 4400 Biscayne Boulevard, 9th Floor Miami, FL 33137	24,355,819[(2)]	32.8%
Blackrock, Inc. 55 East 52nd Street New York, NY 10055	14,949,505[(3)]	20.1%
Janus Capital Management, LLC and Janus Contrarian Fund 151 Detroit Street Denver, CO 80206	12,159,022[(4)]	16.4%
The Vanguard Group 100 Vanguard Boulevard Malvern, PA 19355	4,123,719[(5)]	5.5%

(1) The percentages reported are based on 74,349,612 shares of common stock outstanding as of February 26, 2016.

(2) These amounts are held by Fairholme Capital Management, LLC (“Fairholme Capital”) and Fairholme Funds, Inc. Fairholme Capital and Bruce R. Berkowitz shared the power to vote or direct the vote of 23,603,302 shares and shared the power to dispose or direct the disposition of 24,355,819 shares. Fairholme Funds, Inc. shared the power to vote or direct the vote of 23,136,502 shares and shared the power to dispose or direct the disposition of 23,136,502 shares. Because Mr. Berkowitz, in his capacity as the Managing Member of Fairholme Capital or as President of Fairholme Funds, Inc., has voting or dispositive power over all shares beneficially owned by Fairholme Capital, he is deemed to have beneficial ownership of all of the shares.
(3) Based on a Schedule 13G/A filed by Blackrock, Inc. on January 8, 2016. Blackrock, Inc. has sole power to vote or direct the vote of 14,841,988 of the shares it beneficially owns and has sole power to dispose or direct the disposition of all the shares it beneficially owns.
(4) Based on a Schedule 13G/A filed by Janus Capital Management, LLC (“Janus Capital”) on February 16, 2016. Janus Capital has sole voting and dispositive power with respect to 12,159,022 shares at December 31, 2015. Janus Contrarian Fund (“Janus Contrarian”) has sole voting and dispositive power with respect to 10,451,593 shares. Janus Capital owns 96.81% of INTECH Investment Management (“INTECH”) and 100% of Perkins Investment Management LLC (“Perkins”), both of which are registered investment advisers which furnish advice to various investment companies and to individual and institutional clients (“Managed Portfolios”). Holdings for Janus Capital, Perkins and INTECH are aggregated for purposes of this Schedule 13G/A filing. Janus Capital and INTECH disclaim pecuniary interests in such shares. Janus Contrarian is an investment company and one of the Managed Portfolios to which Janus Capital provides investment advice.
(5) Based on a Schedule 13G filed by The Vanguard Group on February 10, 2016. The Vanguard Group has sole voting power with respect to 79,588 shares and it beneficially owns and has sole dispositive power with respect to 4,040,431 shares it beneficially owns. The Vanguard Group has shared voting power with respect to 6,300 shares and shared dispositive power with respect to 83,288 shares.

Common Stock Ownership by Directors and Executive Officers

The following table sets forth the number of shares of our common stock beneficially owned by the current directors, the named executive officers and the directors and all executive officers as a group, as of February 26, 2016.

Name	Amount and Nature of Beneficial Ownership(1)	Percent of Class(2)
Cesar L. Alvarez	—	—
Marek Bakun	—	—
Bruce R. Berkowitz	24,355,819(3)	32.8%
Kenneth Borick	14,712 (4)	*
Howard S. Frank	—	—
Jorge L. Gonzalez	4	*
David Harrelson	2,761(5)	*
Stanley Martin	14,100	*
Patrick W. Murphy	—	—
Thomas P. Murphy, Jr.	22,844	*
Vito S. Portera	5,527	*
Directors and Executive Officers as a Group (eleven (11) persons)	24,415,767	32.8%

The address of each director and executive officer in this table is c/o The St. Joe Company, 133 South WaterSound Parkway, Watersound, Florida 32413.

(1) Each director and executive officer listed has sole or shared voting and dispositive power over the shares listed.
(2) The percentages reported are based on 74,349,612 shares of common stock outstanding as of February 26, 2016. An “*” indicates less than 1% ownership.

(3) These amounts are held by Fairholme Capital and Fairholme Funds, Inc. Fairholme Capital and Bruce R. Berkowitz shared the power to vote or direct the vote of 23,603,302 shares and shared the power to dispose or direct the disposition of 24,355,819 shares. Fairholme Funds, Inc. shared the power to vote or direct the vote of 23,136,502 shares and shared the power to dispose or direct the disposition of 23,136,502 shares. Because Mr. Berkowitz, in his capacity as the Managing Member of Fairholme Capital or as President of Fairholme Funds, Inc., has voting or dispositive power over all shares beneficially owned by Fairholme Capital, he is deemed to have beneficial ownership of all of the shares.
(4) Includes 2,595 shares issuable upon the exercise of stock options that are currently exercisable.
(5) Includes 1,446 shares issuable upon the exercise of stock options that are currently exercisable.

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

Related Person Transaction Policy

The Charter of our Governance and Nominating Committee (the "Governance Committee") provides that our Governance Committee must approve all related person transactions involving any Board member or any executive officer. Current SEC rules define transactions with related persons to include any transaction, arrangement or relationship (i) in which St. Joe is a participant, (ii) in which the amount involved exceeds $120,000, and (iii) in which any executive officer, director, director nominee, beneficial owner of more than 5% of St. Joe's common stock, or any immediate family member of such persons has or will have a direct or indirect material interest. All directors must recuse themselves from any discussion or decision affecting their personal, business or professional interests. All related person transactions will be disclosed in our applicable SEC filings as required under SEC rules.

Certain Relationships and Related Transactions

In November 2015, we appointed Mr. Jorge Gonzalez as President and CEO. Mr. Gonzalez's wife owns a spa business that leases space in one of our commercial properties. The lease was entered into prior to Mr. Gonzalez becoming an executive officer and lease payments are at market rates. The lease obligations for the 2015 fiscal year through January 2019 (the end of the current term of the lease) are approximately $210,000 (including CAM reimbursements of approximately $67,000).

Fairholme Capital Management, L.L.C., or one of its affiliates ("Fairholme Capital"), has served as an investment adviser to the Company since April 2013. Mr. Berkowitz, the Founder, Managing Member and Chief Investment Officer of Fairholme Capital, and the President and a director of the Fairholme Fund, is the Chairman of our Board of Directors. The Fairholme Fund owned approximately 31.1% of our common stock as of February 26, 2016. Pursuant to the terms of an Investment Management Agreement, as amended, Fairholme Capital has agreed to supervise and direct the investments of investment accounts established by us in accordance with the investment guidelines and restrictions set forth in such agreement. During 2015, the investment guidelines required that, as of the date of any investment (i) at least 50% of the investment accounts be held in cash or cash equivalents, (ii) no more than 15% of the investment accounts may be invested in securities of any one issuer (excluding the U.S. Government), (iii) any investment in any one issuer (excluding the U.S. Government) that exceeds 10%, but not 15%, requires the consent of at least two members of the Investment Committee and (iv) the investment accounts may not be invested in common stock securities. Fairholme Capital receives no compensation for its services as our investment advisor.

Director Independence

It is the policy of the Board that a majority of the members of the Board qualify as independent directors. To assist it in making independence determinations, the Board adopted categorical standards of director independence, which are attached as Annex A to our Corporate Governance Guidelines which are available to view under the Investor Relations - Corporate Governance section of our website, located at www.joe.com. The categorical standards of director independence are consistent with the independence standards set forth in Section 303A.02 of the NYSE listing standards.

Pursuant to our Corporate Governance Guidelines, the Board undertakes an annual review of director independence, which includes a review of each director's responses to questionnaires asking about any relationships with us. This review is designed to identify and evaluate any transactions or relationships between a director or any member of his or her immediate family and us or members of our senior management.

In determining that Mr. Alvarez was independent, the Board considered the legal services provided to us by Greenberg Traurig, a law firm for which Mr. Alvarez serves as Co-Chairman. Following such consideration, the Board determined that the services provided by Greenberg Traurig did not affect Mr. Alvarez's independence.

Based on its independence review and after considering the transactions described above, the Board determined that each of the following current directors (which together constitute all of the members of the Board other than Mr. Gonzalez) is independent: Messrs. Alvarez, Berkowitz, Frank, Martin, Murphy and Portera. Mr. Gonzalez is not independent as he currently serves as our President and Chief Executive Officer.

Item 14. *Principal Accounting Fees and Services*

Our Audit Committee appointed KPMG to continue to serve as our independent registered public accounting firm, to audit the consolidated financial statements for our Company for the fiscal year ended December 31, 2015. KPMG has served as our independent registered public accounting firm since 1990.

Fees Paid to KPMG

We were billed for professional services provided with respect to fiscal years 2014 and 2015 by KPMG in the amounts set forth in the following table.

Services Provided	2014	2015
Audit Fees[(1)]	$ 934,000	$ 661,000
Audit-Related Fees	—	—
Tax Fees	—	—
All Other Fees	—	—
Total	$ 934,000	$ 661,000

(1) These professional services included fees associated with (i) the audit of our annual financial statements (Form 10-K); (ii) reviews of our quarterly financial statements (Forms 10-Q); and (iii) the audit of St. Joe's internal control over financial reporting and attestation services in connection with St. Joe's compliance with Section 404 of the Sarbanes-Oxley Act of 2002. These amounts do not include reimbursement of expenses equaling $51,700 for 2014 and $28,437 for 2015.

Pre-Approval Policies and Procedures for Audit and Permitted Non-Audit Services

The Pre-Approval Policy of the Company provides that the Audit Committee of The St. Joe Company is required to pre-approve all audit and non-audit services performed by the Company's independent auditor in order to assure that the provision of such services does not impair the auditor's independence. Any proposed services exceeding pre-approved cost levels require specific pre-approval by the Audit Committee. The term of any pre-approval is indefinite, unless the Audit Committee specifically provides for a different period or amends such approval.

Pursuant to the Pre-Approval Policy, the Audit Committee delegates pre-approval authority to the Chairman of the Audit Committee for pre-approval of decisions relating to a service if the fee for such service does not exceed $50,000. The Chairman must report any pre-approval decisions to the Audit Committee at its next scheduled meeting. The Audit Committee may not delegate its responsibilities to pre-approve services performed by the independent auditor to management.

Consistent with these policies and procedures, the Audit Committee approved all of the services rendered by KPMG during fiscal year 2015, as described above.

PART IV

Item 15. ***Exhibits, Financial Statement Schedules***

(a)(1) *Financial Statements*

The financial statements listed in the accompanying Index to Financial Statements and Financial Statement Schedules and Report of Independent Registered Public Accounting Firm are filed as part of this Report.

(2) *Financial Statement Schedule*

The financial statement schedules listed in the accompanying Index to Financial Statements and Financial Statement Schedules are filed as part of this Report.

(3) *Exhibits*

The exhibits listed on the accompanying Index to Exhibits are filed or incorporated by reference as part of this Report.

Exhibit Index

Exhibit Number	Description
2.1	Purchase and Sale Agreement, dated November 6, 2013, by and between The St. Joe Company and AgReserves, Inc. (incorporated by reference to Exhibit 10.53 to the registrant's Current Report on Form 8-K filed on November 7, 2013).
2.2	Purchase and Sale Agreement, dated December 31, 2013, by and between The St. Joe Company and Mattamy (Jacksonville) Partnership d/b/a Mattamy Homes, (incorporated by reference to Exhibit 10.55 to the registrant's Current Report on Form 8-K filed on January 6, 2014).
2.2a	Amendment to Agreement for Sale and Purchase executed on March 19, 2014, by and between The St. Joe Company and Mattamy (Jacksonville) Partnership d/b/a Mattamy Homes (incorporated by reference to Exhibit 10.57 to the registrant's Current Report on Form 8-K filed on March 25, 2014).
3.1	Restated and Amended Articles of Incorporation of the registrant, as amended (incorporated by reference to Exhibit 3.1 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2010).
3.2	Amended and Restated Bylaws of the registrant (incorporated by reference to Exhibit 3.1 to the registrant's Current Report on Form 8-K filed on March 4, 2011).
4.1	Indenture, dated April 10, 2014, between Northwest Florida Timber Finance, LLC and Wilmington Trust, National Association (incorporated by reference to Exhibit 4.1 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2014).
4.2	Form of 4.750% Senior Secured Note due 2029 (incorporated by reference to Exhibit 4.1 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2014).
10.1	Form of Indemnification Agreement for Directors and Officers (incorporated by reference to Exhibit 10.1 to the registrant's Current Report on Form 8-K filed on February 13, 2009).
10.3	Master Airport Access Agreement dated November 22, 2010 by and between the registrant and the Panama City-Bay County Airport and Industrial District (the "Airport District") (including as attachments the Land Donation Agreement dated August 22, 2006, by and between the registrant and the Airport District, and the Special Warranty Deed dated November 29, 2007, granted by St. Joe Timberland Company of Delaware, LLC to the Airport District) (incorporated by reference to Exhibit 10.1 to the registrant's Current Report on Form 8-K filed on November 30, 2010).
10.7a	Stockholder Agreement dated September 14, 2011 by and between the registrant, Fairholme Capital Management, LLC and Fairholme Funds, Inc. (incorporated by reference to Exhibit 10.7a to the registrant's Annual Report on Form 10-K for the year ended December 31, 2011).
10.22†	2009 Equity Incentive Plan (incorporated by reference to Appendix A to the registrant's Proxy Statement on Schedule 14A filed on March 31, 2009).
10.22a†**	2015 Performance and Equity Incentive Plan.

10.49	Investment Management Agreement, dated April 8, 2013, between Fairholme Capital Management, L.L.C. and The St. Joe Company, (incorporated by reference to Exhibit 10.49 to the registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2013).
10.49a	Amendment to Investment Management Agreement, dated February 21, 2014, between Fairholme Capital Management, L.L.C. and The St. Joe Company (incorporated by reference to Exhibit 10.49a to the registrant's Annual Report on Form 10-K for the year ended December 31, 2013).
10.49b	Amendment to Investment Management Agreement, dated April 21, 2014, between Fairholme Capital Management, L.L.C. and The St. Joe Company (incorporated by reference to Exhibit 10.49b to the registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2014).
10.52†	Employment Agreement, dated October 1, 2013, between Marek Bakun and The St. Joe Company (incorporated by reference to Exhibit 10.52 to the registrant's Current Report on Form 8-K filed on October 3, 2013).
10.56†	Form of Employment Agreement between Executive and The St. Joe Company (incorporated by reference to Exhibit 10.56 to the registrant's Annual Report on Form 10-K for the year ended December 31, 2013).
10.58	Form of Note Purchase Agreement (incorporated by reference to Exhibit 10.58 to the registrant's Current Report on Form 8-K filed on April 9, 2014).
10.59†	Letter Agreement, dated August 13, 2014, between The St. Joe Company and Park Brady (incorporated by reference to Exhibit 10.59 to the registrant's Current Report on Form 8-K filed on August 18, 2014).
10.60	Separate Guaranty of Retained Liability Matters, dated October 19, 2015, among the St. Joe Company, Don M. Casto, III and Kensington Gardens Builders Corporation, in favor of Keybank National Association (incorporated by reference to Exhibit 10.60 to the registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2015).
10.61†**	Separation Agreement, dated November 18, 2015, between Patrick Bienvenue and The St. Joe Company.
21.1**	Subsidiaries of The St. Joe Company.
23.1**	Consent of KPMG LLP, independent registered public accounting firm for the registrant.
31.1**	Certification by Chief Executive Officer.
31.2**	Certification by Chief Financial Officer.
32.1**	Certification by Chief Executive Officer.
32.2**	Certification by Chief Financial Officer.
101*	The following information from the registrant's Annual Report on Form 10-K for the year ended December 31, 2015, formatted in XBRL (eXtensible Business Reporting Language): (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Operations, (iii) the Consolidated Statements of Comprehensive (Loss) Income, (iv) the Consolidated Statement of Changes in Stockholders' Equity, (v) the Consolidated Statements of Cash Flows and (vi) Notes to the Consolidated Financial Statements.

* In accordance with Regulation S-T, the XBRL-related information in Exhibit 101 to this Annual Report on Form 10-K shall be deemed to be "furnished" and not "filed".

** Filed herewith.

† Management contract or compensatory plan or arrangement.

SIGNATURES

Pursuant to the requirements 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.

THE ST. JOE COMPANY

Date: March 2, 2016

/s/ Jorge Gonzalez
Jorge Gonzalez
President, Chief Executive Officer and Director
(Duly Authorized Officer)

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

	Title	Date
/s/ Jorge Gonzalez Jorge Gonzalez	President, Chief Executive Officer and Director *(Principal Executive Officer)*	March 2, 2016
/s/ Marek Bakun Marek Bakun	Executive Vice President and Chief Financial Officer *(Principal Financial Officer and Principal Accounting Officer)*	March 2, 2016
/s/ Bruce R. Berkowitz Bruce R. Berkowitz	Chairman	March 2, 2016
/s/ Cesar L. Alvarez Cesar L. Alvarez	Director	March 2, 2016
/s/ Howard S. Frank Howard S. Frank	Director	March 2, 2016
/s/ Stanley Martin Stanley Martin	Director	March 2, 2016
/s/ Thomas P. Murphy, Jr. Thomas P. Murphy, Jr.	Director	March 2, 2016
/s/ Vito S. Portera Vito S. Portera	Director	March 2, 2016

INDEX TO FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULES

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders
The St. Joe Company:

We have audited the accompanying consolidated balance sheets of The St. Joe Company and subsidiaries (the Company) as of December 31, 2015 and 2014, and the related consolidated statements of operations, comprehensive (loss) income, changes in stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2015. In connection with our audits of the consolidated financial statements, we also have audited financial statement Schedule III - Consolidated Real Estate and Accumulated Depreciation and financial statement Schedule IV - Consolidated Mortgage Loans on Real Estate. These consolidated financial statements and financial statement schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedules based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The St. Joe Company and subsidiaries as of December 31, 2015 and 2014, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2015, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the related financial statement schedules, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), The St. Joe Company's internal control over financial reporting as of December 31, 2015, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated March 2, 2016, expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

/s/ KPMG
Jacksonville, Florida
March 2, 2016
Certified Public Accountants

THE ST. JOE COMPANY
CONSOLIDATED BALANCE SHEETS
(Dollars in thousands)

	December 31, 2015	December 31, 2014
ASSETS		
Investment in real estate, net	$ 313,599	$ 321,812
Cash and cash equivalents	212,773	34,515
Investments	191,240	636,878
Restricted investments (Note 18)	7,072	7,940
Notes receivable, net	2,555	24,270
Pledged treasury securities	—	25,670
Property and equipment, net of accumulated depreciation of $57.1 million and $60.3 million at December 31, 2015 and 2014, respectively	10,145	10,203
Other assets	38,644	31,990
Investments held by special purpose entities (Note 5)	208,785	209,857
Total assets	$ 984,813	$ 1,303,135
LIABILITIES AND EQUITY		
LIABILITIES:		
Debt	$ 55,194	$ 63,804
Accounts payable	6,159	12,554
Accrued liabilities and deferred credits	35,721	34,911
Deferred tax liabilities	36,847	34,824
Senior Notes held by special purpose entity (Note 5)	177,445	177,341
Total liabilities	311,366	323,434
EQUITY:		
Common stock, no par value; 180,000,000 shares authorized; 92,332,565 and 92,322,905 issued at December 31, 2015 and 2014, respectively; 75,329,557 and 92,302,636 outstanding at December 31, 2015 and 2014, respectively	892,387	892,237
Retained earnings	78,851	80,582
Accumulated other comprehensive loss	(686)	(1,325)
Treasury stock at cost, 17,003,008 and 20,269 shares held at December 31, 2015 and 2014, respectively	(305,289)	(285)
Total stockholders' equity	665,263	971,209
Non-controlling interest	8,184	8,492
Total equity	673,447	979,701
Total liabilities and equity	$ 984,813	$ 1,303,135

See notes to the consolidated financial statements.

THE ST. JOE COMPANY
CONSOLIDATED BALANCE SHEETS
(Dollars in thousands)

The following presents the portion of the consolidated balances presented above attributable to the Company's consolidated variable interest entities. The Company's consolidated variable interest entities include the Pier Park North joint venture, Artisan Park, L.L.C., Panama City Timber Finance Company, L.L.C. and Northwest Florida Timber Finance Company L.L.C. The following assets may only be used to settle obligations of the consolidated variable interest entities and the following liabilities are only obligations of the variable interest entities and do not have recourse to the general credit of the Company, except for the guarantees and covenants discussed in Note 9, *Real Estate Joint Ventures*. See Note 5, *Real Estate Sales* and Note 9, *Real Estate Joint Ventures.*

	December 31, 2015	December 31, 2014
ASSETS		
Investment in real estate	$ 46,156	$ 43,709
Cash and cash equivalents	4,067	3,455
Other assets	14,924	8,781
Investments held by special purpose entity (Note 5)	208,785	209,857
	$ 273,932	$ 265,802
LIABILITIES		
Debt	$ 48,200	$ 31,618
Accounts payable	177	1,511
Accrued liabilities and deferred credits	4,239	4,142
Senior Notes held by special purpose entity (Note 5)	177,445	177,341
Total liabilities	$ 230,061	$ 214,612

See notes to the consolidated financial statements.

THE ST. JOE COMPANY
CONSOLIDATED STATEMENTS OF OPERATIONS
(Dollars in thousands except per share amounts)

	Years Ended December 31,		
	2015	2014	2013
Revenues:			
Real estate sales	$ 33,704	$ 634,976	$ 45,076
Resorts and leisure revenues	54,488	48,414	46,424
Leasing revenues	8,978	6,977	4,306
Timber sales	6,701	11,506	35,450
Total revenues	103,871	701,873	131,256
Expenses:			
Cost of real estate sales	16,399	87,132	24,701
Cost of resorts and leisure revenues	47,069	42,900	39,014
Cost of leasing revenues	2,792	2,253	1,671
Cost of timber sales	834	4,513	21,527
Other operating and corporate expenses	33,426	26,128	27,855
Pension charges	—	13,529	1,500
Administrative costs associated with special purpose entities (Note 5)	—	3,746	—
Depreciation, depletion and amortization	9,486	8,422	9,131
Impairment losses	—	—	5,080
Total expenses	110,006	188,623	130,479
Operating (loss) income	(6,135)	513,250	777
Other income (expense):			
Investment income, net	22,688	12,691	1,498
Interest expense	(11,429)	(8,608)	(2,040)
Other, net	(6,287)	4,488	4,210
Total other income	4,972	8,571	3,668
(Loss) income before equity in (loss) income from unconsolidated affiliates and income taxes	(1,163)	521,821	4,445
Equity in (loss) income from unconsolidated affiliates	—	(32)	112
Income tax (expense) benefit	(808)	(115,507)	409
Net (loss) income	(1,971)	406,282	4,966
Net loss attributable to non-controlling interest	240	171	24
Net (loss) income attributable to the Company	$ (1,731)	$ 406,453	$ 4,990
NET INCOME PER SHARE			
Basic and Diluted			
Weighted average shares outstanding	87,827,869	92,297,467	92,285,888
Net (loss) income per share attributable to the Company	$ (0.02)	$ 4.40	$ 0.05

See notes to the consolidated financial statements.

THE ST. JOE COMPANY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME
(Dollars in thousands)

	Years Ended December 31,		
	2015	2014	2013
Net (loss) income:	$ (1,971)	$ 406,282	$ 4,966
Other comprehensive income, net of tax:			
Available-for-sale investment items:			
Net unrealized gains (losses) on available-for-sale investments	5,650	(1,455)	(2,032)
Reclassification of other-than-temporary impairment losses included in earnings	—	1,295	—
Reclassification of realized (gains) losses included in earnings	(5,311)	833	(93)
Total before income taxes	339	673	(2,125)
Income tax	300	127	—
Total	639	800	(2,125)
Defined benefit pension items:			
Net (loss) gain arising during the period	—	(2,180)	2,191
Amortization and settlement included in net periodic cost	—	7,107	743
Amortization of loss included in net periodic cost	—	465	326
Total before income taxes	—	5,392	3,260
Income tax	—	—	—
Total	—	5,392	3,260
Total other comprehensive income, net of tax	639	6,192	1,135
Total comprehensive (loss) income	$ (1,332)	$ 412,474	$ 6,101

See notes to the consolidated financial statements.

THE ST. JOE COMPANY
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
(Dollars in thousands)

	Common Stock			Accumulated Other Comprehensive Loss			
	Outstanding Shares	Amount	Retained (Deficit) Earnings		Treasury Stock	Non-controlling Interest	Total
Balance at December 31, 2012	**92,285,408**	**$ 891,798**	**$ (330,861)**	**$ (8,652)**	**$ (260)**	**$ 309**	**$ 552,334**
Net income (loss)	—	—	4,990	—	—	(24)	4,966
Other comprehensive income	—	—	—	1,135	—	—	1,135
Capital contributions from non-controlling interest	—	—	—	—	—	4,886	4,886
Issuance of common stock for director fees	11,898	244	—	—	—	—	244
Amortization of stock based compensation	—	3	—	—	—	—	3
Reduction in excise tax benefits on stock options	—	(18)	—	—	—	—	(18)
Treasury shares received in lieu of taxes to be remitted on vesting of restricted stock awards	(4,393)	—	—	—	(25)	—	(25)
Balance at December 31, 2013	**92,292,913**	**$ 892,027**	**$ (325,871)**	**$ (7,517)**	**$ (285)**	**$ 5,171**	**$ 563,525**
Net income (loss)	—	—	406,453	—	—	(171)	406,282
Other comprehensive income	—	—	—	6,192	—	—	6,192
Capital contributions to special purpose entity from non-controlling interest	—	—	—	—	—	3,492	3,492
Issuance of common stock for director's fees	9,723	210	—	—	—	—	210
Balance at December 31, 2014	**92,302,636**	**$ 892,237**	**$ 80,582**	**$ (1,325)**	**$ (285)**	**$ 8,492**	**$ 979,701**
Net loss	—	—	(1,731)	—	—	(240)	(1,971)
Other comprehensive income	—	—	—	639	—	—	639
Capital distribution to non-controlling interest	—	—	—	—	—	(68)	(68)
Repurchase of common shares	(16,982,739)	—	—	—	(305,004)	—	(305,004)
Issuance of common stock for director's fees	9,660	150	—	—	—	—	150
Balance at December 31, 2015	**75,329,557**	**$ 892,387**	**$ 78,851**	**$ (686)**	**$ (305,289)**	**$ 8,184**	**$ 673,447**

See notes to consolidated financial statements.

Table of Contents

THE ST. JOE COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in thousands)

	Years Ended December 31,		
	2015	2014	2013
Cash flows from operating activities:			
Net (loss) income	$ (1,971)	$ 406,282	$ 4,966
Adjustments to reconcile net income to net cash from operating activities:			
Depreciation, depletion and amortization	9,486	8,422	9,131
Stock based compensation	150	210	247
Pension charges	—	8,749	1,500
(Gain) loss on sale of investments	(5,311)	833	(93)
Other-than-temporary impairment loss	—	1,295	—
Equity in loss (income) from unconsolidated joint ventures	—	32	(112)
Deferred income tax expense (benefit)	2,323	46,127	(909)
Impairment losses	—	—	5,080
Gain (loss) on disposal of real estate and property and equipment	77	(202)	(528)
Cost of real estate sold	14,584	76,060	22,022
Expenditures for and acquisition of real estate to be sold	(8,378)	(7,368)	(19,165)
Notes financed by the Company for operating properties sold	—	(19,600)	(5,248)
Timber Note	—	(200,000)	—
Deferred revenue	(65)	(13,562)	—
Accretion income and other	(1,780)	(2,129)	(966)
Changes in operating assets and liabilities:			
Pension Plan assets reverted to the Company	—	23,820	—
Payments received on notes receivable	21,780	3,242	1,562
Other assets	(3,650)	(5,010)	(1,596)
Accounts payable and accrued liabilities	(3,330)	4,946	(96)
Income taxes	(1,497)	(1,112)	538
Net cash provided by operating activities	**22,418**	**331,035**	**16,333**
Cash flows from investing activities:			
Expenditures for Pier Park North joint venture	(5,783)	(22,592)	(19,301)
Purchases of property and equipment	(3,304)	(2,483)	(3,594)
Purchases of investments	(341,994)	(723,099)	(256,730)
Maturities of investments	410,000	150,319	100,000
Sales of investments	385,695	83,239	7,725
Sales of unconsolidated affiliates	—	3,000	—
Investment and maturities of assets held by special purpose entities	787	(6,921)	—
Other	—	(148)	514
Net cash provided by (used in) investing activities	**445,401**	**(518,685)**	**(171,386)**
Cash flows from financing activities:			
Borrowings on construction/refinanced loan in Pier Park North joint venture	48,200	25,173	6,445
(Distribution) contribution to Pier Park North joint venture from non-controlling interest	(68)	—	4,886
Repurchase of common shares	(305,004)	—	—
Principal payments for debt	(31,942)	(627)	(321)
Proceeds from issuance of Senior Notes by special purpose entity	—	177,269	—
Debt issuance costs	(747)	(1,544)	—
Other	—	—	(43)
Net cash (used in) provided by financing activities	**(289,561)**	**200,271**	**10,967**
Net increase (decrease) in cash and cash equivalents	**178,258**	**12,621**	**(144,086)**
Cash and cash equivalents at beginning of the year	**34,515**	**21,894**	**165,980**
Cash and cash equivalents at end of the year	**$ 212,773**	**$ 34,515**	**$ 21,894**

See notes to consolidated financial statements.

THE ST. JOE COMPANY
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION
(Dollars in thousands)

	Years Ended December 31,		
	2015	2014	2013
Cash paid during the period for:			
Interest	$ 10,569	$ 1,733	$ 2,413
Income taxes	$ —	$ 70,491	$ (22)
Non-cash financing and investment activities:			
(Decrease) increase in Community Development District Debt	$ (768)	$ (4,369)	$ 2,589
Decrease in pledged treasury securities related to defeased debt	$ (25,670)	$ (590)	$ (558)
Expenditures for operating properties and property and equipment financed through accounts payable	$ 1,138	$ 4,866	$ 4,497
Exchange of Timber Note for investments held by special purpose entity	$ —	$ 200,000	$ —
Capital contributions to special purpose entity from non-controlling interest	$ —	$ 3,492	$ —
Pension Plan assets transferred to the Company’s 401(k) Plan and invested in restricted investments	$ —	$ 7,940	$ —
Settlement of note receivable	$ —	$ —	$ 312
Non-monetary receipt of real estate from an unconsolidated affiliate	$ —	$ —	$ 398

See notes to consolidated financial statements.

THE ST. JOE COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in thousands, unless otherwise stated)

1. Nature of Operations

The St. Joe Company together with its consolidated subsidiaries (the “Company”) is a Florida real estate development, asset management, and operating company with real estate assets and operations concentrated primarily between Tallahassee and Destin, Florida.

The Company conducts primarily all of its business in the following five reportable operating segments: 1) residential real estate, 2) commercial real estate, 3) resorts and leisure, 4) leasing operations and 5) forestry. In prior periods, the Company’s reportable operating segments were 1) residential real estate, 2) commercial real estate, 3) resorts, leisure and leasing operations and 4) forestry. The Company’s leasing operations segment currently meets the quantitative and qualitative factors as a reportable operating segment; therefore, the Company has changed its segment presentation to include leasing operations as a reportable operating segment. Leasing operations were historically included with the Company’s resorts, leisure and leasing operating segment. All prior year’s segment information has been reclassified to conform to the 2015 presentation. The change in reporting segments had no effect on the Consolidated Balance Sheets, Statements of Operations, Statements of Comprehensive (Loss) Income or Statements of Cash Flows for the periods presented. See Note 20, *Segment Information*.

2. Significant Accounting Policies

Basis of Presentation and Principles of Consolidation

The consolidated financial statements include the accounts of the Company and all of its majority-owned and controlled subsidiaries and variable interest entities where the Company is the primary beneficiary. Investments in joint ventures and limited partnerships in which the Company has significant influence, but not a controlling interest are accounted for by the equity method. All significant intercompany transactions and balances have been eliminated in consolidation. Certain prior period amounts have been reclassified to conform to the current period’s presentation.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. On an ongoing basis, the Company evaluates its estimates and assumptions including investment in real estate, impairment assessments, investments, other-than-temporarily impairment assessments, retained interest investments, accruals and deferred income taxes. Actual results could differ from those estimates.

Revenue Recognition

Revenues consist primarily of real estate sales, resorts and leisure operations, leasing operations, and timber sales. Taxes collected from customers and remitted to governmental authorities (e.g. sales tax) are excluded from revenues and costs and expenses.

Real estate sales

Revenues from real estate sales, including sales of homesites, commercial properties and rural or timberland, are recognized when a sale is closed and title transfers to the buyer, the buyer’s initial investment is adequate, any receivables are probable of collection, the usual risks and rewards of ownership have been transferred to the buyer, and the Company does not have significant continuing involvement with the real estate sold.

The buyer's minimum initial investment requirement is typically the receipt of cash for approximately twenty to twenty-five percent of the sales value depending on the type and use of the property purchased. If the minimum initial investment requirement is not met, revenues may be deferred depending on the circumstances. In addition, revenue is not recognized until title transfers and any consideration received is deferred until title is transferred.

Percentage-of-completion accounting, where revenue is recognized in proportion to the percentage of total costs incurred in relation to estimated total costs, is used for our homesite sales when required development is not complete at the time of sale and for commercial and other land sales if there are uncompleted development costs yet to be incurred for the property sold.

As part of the purchase price consideration for a homesite from sales to homebuilders, the Company may receive a percentage of the sale price of the completed home if the home price or gross profit of the home exceeds a negotiated threshold. These lot residuals are recognized in revenue when consideration is received by the Company in periods subsequent to the initial recognition of revenue for the sale of the homesite.

Resorts and leisure revenues

Resorts and leisure revenues include service and rental fees associated with the WaterColor Inn and the Company's vacation rental programs in WaterColor Inn, WaterColor, WaterSound Beach and surrounding communities and other resort, golf club, marina, and management services of The Pearl Hotel. These revenues are generally recognized as services are provided. Vacation rental revenues include the entire rental fee collected from the customer, including the homeowner's portion. A percentage of the fee is remitted to the homeowner and presented in cost of resorts and leisure revenues. The Company is the principal in its vacation rental business and has determined that it is the primary obligor to the guest, as it has sole discretion in establishing prices and provides the majority of the services to the guest. Club membership revenues are recognized when billed to the member and the non-refundable initiation fee is deferred and recognized ratably over the estimated membership period. Revenues generated from our management services of The Pearl Hotel include a management fee, fifty percent of certain resort fees and a percentage of The Pearl Hotel's gross operating profit.

Leasing revenues

Leasing revenues consist of long term rental revenues from retail/commercial leasing operations, including properties located in our consolidated joint venture at Pier Park North and our industrial park, VentureCrossings, which are recognized as earned, using the straight-line method over the life of the lease. Certain leases provide for tenant occupancy during periods for which no rent is due or where minimum rent payments change during the lease term. Accordingly, a receivable or liability is recorded representing the difference between the straight-line rent and the rent that is contractually due from the tenant. Minimum future base rents on non-cancelable leases for the next five years are $6.8 million in 2016, $6.7 million in 2017, $6.5 million in 2018, $6.2 million in 2019, and $5.9 million in 2020.

Forestry product sales

Revenues from the sale of the Company's forestry products are primarily delivered under pay-as-cut sales contracts or timber bid sales, which risk of loss and title to the trees transfer to the buyer when cut by the buyer. Under a pay-as-cut sales contract, the buyer or some other third party is responsible for all logging and hauling costs, if any. Prior to the AgReserves Sale, sales of forestry products were recognized generally on delivery of the product to the customer.

Timber bid sales are agreements in which the buyer agrees to purchase and harvest specified timber (i.e. mature pulpwood and/or sawlogs) on a tract of land over the term of the contract. Unlike a pay-as-cut sales contract, risk of loss and title to the trees transfer to the buyer when the contract is signed. The buyer pays the full purchase price when the contract is signed and the Company does not have any additional performance obligations. Under a timber bid sale, the buyer or some other third party is responsible for all logging and hauling costs, if any, and the timing of such activity. Revenue from a timber bid sale is recognized when the contract is signed since the earnings process is complete.

Comprehensive (Loss) Income

The Company's comprehensive (loss) income includes unrealized gains and temporary losses on available-for-sale securities. During 2014 and 2013, comprehensive income also included changes in the funded status of the Company's terminated pension plan, which were initially recognized in other comprehensive income and amortized into net income or recognized at the time of a specific event, such as the curtailment of benefit plan obligations or the pension plan termination during 2014. See Note 18, *Employee Benefit Plans*.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, bank demand accounts, money market instruments and short term commercial paper having original maturities at acquisition date of ninety days or less.

Investments

Investments consist of available-for-sale securities and are recorded at fair value, which is based on observable market inputs. Unrealized gains and temporary losses on investments, net of tax, are recorded in Other comprehensive (loss) income. Realized gains and losses are determined using the specific identification method.

The Company evaluates investments classified as available-for-sale with unrealized losses to determine if they are other-than-temporary impaired. This evaluation is based on various factors, including the financial condition, business prospects, industry and creditworthiness of the issuer, severity and length of time the securities were in a loss position, the Company’s ability and intent to hold investments until unrealized losses are recovered or until maturity and amount of the unrealized loss. If a decline in fair value is considered other-than-temporary, the decline is then bifurcated into its credit and non-credit related components. The amount of the credit-related component is recognized in earnings, and the amount of the non-credit related component is recognized in other comprehensive loss, unless the Company intends to sell the security or it is more likely than not that the Company will be required to sell the security prior to its anticipated recovery. Based on these factors, the unrealized losses related to the Company's debt securities of $1.1 million were determined to be temporary at December 31, 2015. During 2014, the Company determined that certain unrealized losses were other than temporarily impaired and recorded an other-than-temporary impairment of $1.3 million related to credit-related losses in Investment income, net on the Company’s Consolidated Statements of Operations. The non-credit component of $1.5 million remained in Accumulated other comprehensive loss as of December 31, 2014.

Restricted Investments

The Company’s restricted investments are related to the Company’s deferred compensation plan. As part of the Pension Plan termination in 2014, the Company directed the Pension Plan to transfer the Pension Plan’s surplus assets into a suspense account in the Company’s 401(k) Plan. The Company has retained the risks and rewards of ownership of these assets; therefore, the assets held in the suspense account are included in the Company’s Consolidated Balance Sheets until they are allocated to current and future 401(k) plan participants for up to the next six years. See Note 18, *Employee Benefit Plans*.

Notes Receivable

The Company’s notes receivable are due from customers or homebuilders located within the United States. The Company evaluates the carrying value of notes receivable at each reporting date. Notes receivable balances are adjusted to net realizable value based upon a review of entity specific facts or when terms are modified. The Company maintains an allowance for doubtful accounts for estimated losses resulting from the inability of its customers to make required payments. The allowance for doubtful accounts is based on a review of specifically identified accounts in addition to an overall aging analysis. As of December 31, 2015 and 2014 there was no allowance for doubtful accounts. Judgments are made with respect to the collectability of accounts based on historical experience and current economic trends. Actual losses could differ from those estimates.

Investment in Real Estate

The Company capitalizes costs directly associated with development and construction of identified real estate projects. The Company also capitalizes those indirect costs that relate to the projects under development or construction. These indirect costs include construction and development administration, legal fees, capitalized interest, and project administration to the extent that such costs are related to a specific project. Interest is capitalized (up to total interest expense) based on the amount of underlying expenditures and real estate taxes on real estate projects under development.

Real estate development costs also include land and common development costs (such as roads, sewers and amenities), capitalized property taxes, capitalized interest and certain indirect costs. A portion of real estate inventory costs and estimates for costs to complete are allocated to each unit based on the relative sales value of each unit as compared to the estimated sales value of the total project. These estimates are reevaluated at least annually and more frequently if warranted by market conditions, changes in the project’s scope or other factors, with any adjustments being allocated prospectively to the remaining units available for sale.

The capitalization period relating to direct and indirect project costs is the period in which activities necessary to ready a property for its intended use are in progress. The period begins when such activities commence, typically when the Company begins the entitlement processes for land already owned, and ends when the asset is substantially complete and ready for its intended use. Determination of when construction of a project is substantially complete and ready for its intended use requires judgment. The Company determines when the capitalization period begins and ends through communication with project and other managers responsible for the tracking and oversight of individual projects. In the event that the activities to ready the asset for its intended use are suspended, the capitalization period will cease until such activities are resumed. If the Company determines not to complete a project, any previously capitalized costs are expensed in the period in which the determination is made and recovery is not deemed reasonable. The Company has capitalized indirect development costs of $0.2 million, $0.6 million and $0.7 million during 2015, 2014 and 2013, respectively. These capitalized indirect development costs are primarily related to the consolidated joint venture at Pier Park North.

Investment in real estate is carried at cost, net of depreciation and timber depletion, unless circumstances indicate that the carrying value of the assets may not be recoverable. If the Company determines that an impairment exists due to the inability to recover an asset’s carrying value, an impairment charge is recorded to the extent that the carrying value exceeds estimated fair value. If such assets were held for sale, the provision for loss would be recorded to the extent that the carrying value exceeds estimated fair value less costs to sell.

Depreciation is computed on straight-line method over the useful lives of the assets ranging from five to forty years.

Long-Lived Assets

The Company reviews its long-lived assets for impairment quarterly to determine whether events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Long-lived assets include the Company’s investments in operating and development property and property and equipment, net. As part of the Company’s review for impairment of its long-lived assets, the Company reviews long-lived asset’s carrying value, current period actual financial results as compared to prior period and forecast contained in the Company’s business plan and other events or changes in circumstances to identify whether an indicator of potential impairment may exist. Some of the events or changes in circumstances that are considered by the Company as indicators of potential impairment include:

- a prolonged decrease in the fair value or demand for the Company’s properties;
- a change in the expected use or development plans for the Company’s properties;
- a material change in strategy that would affect the fair value of the Company’s properties;
- continuing operating or cash flow losses for an operating property;
- an accumulation of costs in excess of the projected costs for a development property; and
- any other adverse change that may affect the fair value of the property.

The Company uses varying methods to determine if an impairment exists, such as (i) considering indicators of potential impairment, (ii) analyzing expected future cash flows and comparing the expected future undiscounted cash flows of the property to its carrying value or (iii) determining market resale values.

For projects under development, an estimate of undiscounted future cash flows is performed using estimated future expenditures necessary to develop and maintain the existing project and using management’s best estimates about future sales prices and holding periods. The projection of undiscounted cash flows requires that management develop various assumptions including:

- the projected pace of sales of homesites based on estimated market conditions and the Company’s development plans;
- estimated pricing and projected price appreciation over time;
- the amount and trajectory of price appreciation over the estimate selling period;
- the length of the estimated development and selling periods, which can differ depending on the size of the development and the number of phases to be developed;

- the amount of remaining development costs, including the extent of infrastructure or amenities included in such development costs;
- holding costs to be incurred over the selling period;
- for bulk land sales of undeveloped and developed parcels future pricing is based upon estimated developed lot pricing less estimated development costs and estimated developer profit;
- for commercial development property, future pricing is based on sales of comparable property in similar markets; and
- whether liquidity is available to fund continued development.

For operating properties, an estimate of undiscounted cash flows also requires management to make assumptions about the use and disposition of such properties. These assumptions include:

- for investments in inns and rental condominium units, average occupancy and room rates, revenues from food and beverage and other amenity operations, operating expenses and capital expenditures, and eventual disposition of such properties as private residence vacation units or condominiums, based on current prices for similar units appreciated to the expected sale date;
- for investments in commercial or retail property, future occupancy and rental rates and the amount of proceeds to be realized upon eventual disposition of such property at a terminal capitalization rate; and,
- for investments in golf courses, memberships, future rounds and greens fees, operating expenses and capital expenditures, and the amount of proceeds to be realized upon eventual disposition of such properties at a multiple of terminal year cash flows.

Homesites substantially completed and ready for sale are measured at the lower of carrying value or fair value less costs to sell. Management identifies homesites as being substantially completed and ready for sale when the properties are being actively marketed with intent to sell such properties in the near term and under current market conditions. Other homesites for which management does not intend to sell in the near term under current market conditions are evaluated for impairment based on management's best estimate of the long-term use and eventual disposition of such property.

Other properties that management does not intend to sell in the near term under current market conditions and has the ability to hold are evaluated for impairment based on management's best estimate of the long-term use and eventual disposition of the property. The results of impairment analyses for development and operating properties are particularly dependent on the estimated holding and selling period for each asset group.

If a property is considered impaired, the impairment charge is determined by the amount the property's carrying value exceeds its fair value. The Company uses varying methods to determine fair value, such as (i) analyzing expected future cash flows, (ii) determining resale values by market (iii) applying a capitalization rate to net operating income using prevailing rates in a given market or (iv) applying a multiplier to revenue using prevailing rates in a given market. The fair value of a property may be derived either from discounting projected cash flows at an appropriate discount rate, through appraisals of the underlying property, or a combination thereof.

The Company classifies the assets and liabilities of a long-lived asset as held-for-sale when management approves and commits to a formal plan of sale and it is probable that a sale will be completed. The carrying value of the assets held-for-sale are then recorded at the lower of their carrying value or fair value less estimated costs to sell.

Timber Inventory

The Company estimates its standing timber inventory on an annual basis utilizing a process referred to as a “timber cruise.” Specifically, the Company conducts field measurements of the number of trees, tree height and tree diameter on a sample area equal to approximately 20% of our timber holdings each year. Inventory data is used to calculate volumes and products along with growth projections to maintain accurate data. Industry practices are used for modeling including growth projections, volume and product classifications. Depletion is adjusted based on current volumes and accounting practices.

Property and Equipment, net

Property and equipment is stated at cost, net of accumulated depreciation. Major improvements are capitalized while maintenance and repairs are expensed in the period the cost is incurred. Depreciation is computed using the straight-line method over the useful lives of various assets, generally three to thirty years.

Income Taxes

The Company follows the asset and liability method of accounting for deferred income taxes. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The Company recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than fifty percent likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. The Company records interest related to unrecognized tax benefits, if any, in interest expense and penalties in Other income (expense).

A valuation allowance is recorded if based on the weight of available evidence it is more likely than not that some portion or all of the deferred tax asset will not be realized. Realization of the Company’s deferred tax assets is dependent upon the Company generating sufficient taxable income in future years in the appropriate tax jurisdictions to obtain a benefit from the reversal of deductible temporary differences and from loss carryforwards. The Company records a valuation allowance based on the timing of reversal of existing taxable temporary differences and the Company’s history of losses and future expectations of reporting taxable losses, if management does not believe it met the requirements to realize the benefits of certain of its deferred tax assets.

Concentration of Risks and Uncertainties

The Company’s real estate investments are concentrated in Northwest Florida in a number of specific development projects. Uncertain economic conditions could have an adverse impact on the Company’s real estate values and could cause the Company to sell assets at depressed values in order to pay ongoing obligations.

Financial instruments that potentially subject the Company to a concentration of credit risk consist of cash, cash equivalents, investments, notes receivable, investments held by special purpose entities, and investments in retained interests. The Company deposits and invests cash with a major financial institution in the United States, which balances exceed the amount of F.D.I.C. insurance provided on such deposits. As of December 31, 2015, the Company had $184.7 million invested in U.S. Treasury securities, $6.3 million invested in one issuer of corporate debt securities that is non-investment grade and the Company had investments in short term commercial paper from eight issuers of $175.0 million.

Earnings Per Share

Basic earnings per share is calculated by dividing net income by the average number of common shares outstanding for the period. Diluted earnings per share is calculated by dividing net income by the weighted average number of common shares outstanding for the period, including all potentially dilutive shares issuable under outstanding stock options. Stock options are not considered in any diluted earnings per share calculation when the Company has a loss from operations as their effect would be anti-dilutive. Non-vested restricted stock is included in outstanding shares at the time of grant. For the three years ended December 31, 2015 basic average shares outstanding were the same as diluted shares outstanding.

Recently Issued Accounting Pronouncements

Revenue recognition

In May 2014, the FASB issued an ASU that establishes the principles used to recognize revenue for all entities. The new guidance will be effective for annual and interim periods beginning after December 15, 2017. Early application will be permitted, but not before annual reporting periods beginning after December 15, 2016. The Company is currently evaluating the impact that the adoption of this guidance will have on its Consolidated Balance Sheets, Statements of Operations, Statements of Comprehensive (Loss) Income or Statements of Cash Flows.

Consolidation

In February 2015, the FASB issued an ASU that amends the existing consolidation guidance related to (i) limited partnerships and similar legal entities, (ii) the evaluation of variable interests for fees paid to decision makers or service providers, (iii) the effect of fee arrangements and related parties on the primary beneficiary determination, and (iv) certain investment funds. These changes are expected to limit the number of consolidation models and place more emphasis on risk of loss when determining a controlling financial interest. The new guidance will be effective for the Company as of January 1, 2016. Early adoption is permitted, including early adoption in an interim period. The Company has evaluated the impact of the adoption of this guidance and determined there will be no impact on the Consolidated Balance Sheets, Statements of Operations, Statements of Comprehensive (Loss) Income or Statements of Cash Flows. The Company had not adopted this ASU as of December 31, 2015.

Debt issuance costs

In April 2015, the FASB issued an ASU that requires debt issuance costs related to a recognized debt liability to be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The amendment does not affect the recognition and measurement guidance for debt issuance costs. The new guidance should be applied on a retrospective basis and is effective for the Company as of January 1, 2016. Early adoption is permitted for financial statements that have not been previously issued. The Company has evaluated the impact of the adoption of this guidance and determined that the adoption will not have a material impact on its Consolidated Balance Sheets, Statements of Operations, Statements of Comprehensive (Loss) Income or Statements of Cash Flows. The Company had not adopted this ASU as of December 31, 2015.

Financial Instruments

In January 2016, the FASB issued an ASU that amends existing guidance to address certain aspects of recognition, measurement, presentation, and disclosure of financial instruments. The new guidance will require equity investments (except those accounted for under the equity method of accounting, or those that result in consolidation of the investee) to be measured at fair value with changes in fair value recognized in net income. Additionally, certain disclosure requirements and other aspects of accounting for financial instruments will change as a result of the new guidance, which is effective for interim and annual reporting periods beginning after December 15, 2017. The Company is currently evaluating the impact that the adoption of the new guidance will have on its financial condition and results of operations.

3. Investment in Real Estate

Real estate by property type and segment includes the following:

	December 31, 2015	December 31, 2014
Development property:		
Residential real estate	$ 99,413	$ 102,408
Commercial real estate	56,587	59,405
Leasing operations (1)	360	3,680
Forestry	2,681	3,278
Corporate	2,211	2,019
Total development property	**161,252**	**170,790**
Operating property:		
Residential real estate	$ 8,091	$ 8,084
Resorts and leisure	109,425	110,136
Leasing operations (2)	79,550	72,045
Forestry	19,300	18,839
Other	50	50
Total operating property	216,416	209,154
Less: Accumulated depreciation	64,069	58,132
Net operating property	**152,347**	**151,022**
Investment in real estate, net	**$ 313,599**	**$ 321,812**

(1) Includes $0.3 million and $3.1 million for the Pier Park North joint venture as of December 31, 2015 and 2014, respectively.

(2) Includes $49.0 million and $41.6 million for the Pier Park North joint venture as of December 31, 2015 and 2014, respectively.

Development property consists of land the Company is developing or intends to develop for sale or future operations. Residential real estate includes mixed-use resort, primary and seasonal residential communities and includes costs directly associated with the land, development and construction of these communities, including common development costs such as roads, sewers, and amenities and indirect costs such as development overhead, capitalized interest, marketing and project administration. Commercial real estate includes land for commercial and industrial uses, including land holdings near the Northwest Florida Beaches International Airport and Port of Port St. Joe, and includes costs directly associated with the land and development costs for these properties, which also include common development costs such as roads and sewers. Leasing development property primarily includes the land and construction under development for the consolidated joint venture at Pier Park North. This development property is being reclassified as operating property as tenants commence operations at Pier Park North.

Operating property includes the following components:

	December 31, 2015	December 31, 2014	Estimated Useful Life (in years)
Land and land improvements	$ 73,161	$ 72,286	5 - 20
Buildings and building improvements	133,399	127,577	20 - 40
Timber	9,856	9,291	N/A
	216,416	209,154	
Less: Accumulated depreciation	64,069	58,132	
Total operating property, net	**$ 152,347**	**$ 151,022**	

Operating property includes property that the Company uses for operations and activities. The resorts and leisure operating property includes the WaterColor Inn, golf courses and marinas. Leasing operating property includes property developed or purchased by the Company and used for retail and commercial rental purposes, including property in our consolidated joint venture at Pier Park North. Operating property may be sold in the future as part of the Company's principal real estate business. Forestry operating property includes the Company's timberlands.

Depreciation expense related to real estate investments was $6.3 million, $5.7 million, and $5.3 million in 2015, 2014 and 2013, respectively. Depletion expense related to our timber operations was $0.4 million, $0.5 million, and $1.2 million in 2015, 2014 and 2013, respectively.

4. Impairments of Long-lived Assets

There were no events or changes in circumstances that would indicate that the carrying value of the Company's long-lived assets would not be recoverable, and, therefore, the Company did not record any impairment charges during the years ended December 31, 2015 and 2014.

In 2013, the Company recorded impairment charges of $5.1 million, primarily for a golf course, which incurred negative operating cash flows in 2013 and the future estimated undiscounted cash flows were less than the carrying value of its assets. In addition, during 2013, the Company wrote down a residential property to its fair value less estimated selling costs.

5. Real Estate Sales

AgReserves Sale

On March 5, 2014, the Company completed its previously announced AgReserves Sale for $562 million and recorded pre-tax income of $511.1 million for the AgReserves Sale, which includes $1.2 million of severance costs recorded in Other operating and corporate expenses during 2014. As a result of certain adjustments to the purchase price, consideration received for the AgReserves Sale was (1) $358.5 million in cash, (2) a $200 million fifteen year installment note (the "Timber Note") issued by Panama City Timber Finance Company, LLC, a buyer-sponsored special purpose entity (the "Buyer SPE"), and (3) an Irrevocable Standby Letter of Credit issued by JPMorgan Chase Bank, N.A. (the "Letter of Credit") at the request of the Buyer SPE, in favor of the Company. The Buyer SPE was created by AgReserves with financial instruments with an aggregate principal balance of $203.5 million that secure the Letter of Credit.

In April 2014, the Company contributed the Timber Note and assigned its rights as a beneficiary under the Letter of Credit to Northwest Florida Timber Finance, LLC, a bankruptcy-remote, qualified special purpose entity wholly owned by the Company ("NFTF"). NFTF monetized the Timber Note by issuing $180 million aggregate principal amount of its 4.750% Senior Secured Notes due 2029 (the "Senior Notes") at an issue price of 98.483% of the face value to third party investors. The Senior Notes are payable solely by the property of NFTF, which consists solely of (i) the Timber Note, (ii) the Letter of Credit, (iii) any cash, securities and other property in certain NFTF accounts, (iv) the rights of NFTF under the contribution agreement with the Company (which was solely to contribute the Timber Note and the Letter of Credit) and (v) any proceeds relating to the property listed in (i) through (iv) above. The investors holding the Senior Notes of NFTF have no recourse against the Company for payment of the Senior Notes or the related interest expense.

The Company received $165.0 million in cash, net of $15.0 million in costs, from the monetization and expects to receive the remaining $20.0 million upon maturity of the Timber Note in 2029 and after payment of the Senior Notes and any other liabilities of NFTF. The $15.0 million of costs from the monetization include (1) a total of $4.3 million for the discount and issuance costs for the Senior Notes, which will be amortized over the term of the Senior Notes, (2) $7.0 million for U.S. Treasury securities and cash that the Company contributed to NFTF to be used for interest and operating expenses over the fifteen year period and which are recorded in Investments held by special purpose entities on the Company’s Consolidated Balance Sheets and (3) $3.7 million of costs related to the monetization that were expensed during 2014 and are recorded in Administrative costs associated with special purpose entities on the Company’s Consolidated Statements of Operations.

The Company owns the equity interest in NFTF, but no equity interest in the Buyer SPE. Both the Buyer SPE and NFTF are distinct legal entities and the assets of the Buyer SPE and NFTF are not available to satisfy the Company's liabilities or obligations and the liabilities of the Buyer SPE and NFTF are not the Company's liabilities or obligations. In the event that proceeds from the financial instruments are insufficient to settle all of the liabilities of the Buyer SPE or NFTF, the Company is not obligated to contribute any funds to either the Buyer SPE or NFTF.

The Company has determined that it was the primary beneficiary of the Buyer SPE and NFTF as of December 31, 2015 and December 31, 2014, and therefore, the Buyer SPE’s and NFTF’s assets and liabilities are consolidated in the Company’s financial statements as of December 31, 2015 and December 31, 2014. The carrying amounts of the Buyer SPE’s and NFTF’s assets and non-recourse liabilities were $213.5 million and $180.3 million, respectively, as of December 31, 2015. The consolidated assets of the Buyer SPE and NFTF consist of a $200 million time deposit that subsequent to April 2, 2014 pays interest at 4.006% and matures in March 2029, accrued interest of $3.3 million on the time deposit, U.S. Treasuries of $8.5 million, and cash of $0.3 million and deferred issuance costs of $1.4 million for the Senior Notes. The consolidated liabilities include the Senior Notes issued by NFTF of $177.4 million net of the $2.5 million discount and $2.9 million accrued interest expense on the Senior Notes.

The Company’s Consolidated Statements of Operations includes the following amounts related to the Buyer SPE and NFTF for (i) interest income on the time deposit and amortization of the discounts on the U.S. Treasuries and (ii) interest expense for the Senior Notes, amortization of the discount and issuance costs:

	2015	2014
Investment income, net	$ 8,217	$ 6,116
Interest expense	$ (8,755)	$ (6,584)

The Company has classified the U.S. Treasury securities held by the Buyer SPE and NFTF as held-to-maturity based on their intent and ability to hold these securities to maturity. Accordingly, the debt securities, which mature at various dates over the remaining fourteen year period, are recorded at amortized cost, which approximates fair value as of December 31, 2015. The U.S. Treasuries mature over the remaining fourteen year period or $0.8 million within one year, $3.6 million after one year through five years, $3.0 million after five years through ten years and $1.1 million after ten years.

RiverTown Sale

On April 2, 2014, the Company completed its sale to an affiliate of Mattamy (Jacksonville) Partnership d/b/a Mattamy Homes (“Mattamy”), of approximately 4,057 acres of real property, which constitutes the RiverTown community in St. Johns County, Florida, along with all of the Company’s related development or developer rights, founder’s rights and certain tangible and intangible personal property in exchange for (1) $24.0 million in cash, (2) $19.6 million in the form of a purchase money note (the “RiverTown Note”), (3) the assumption of the Company’s Rivers Edge Community Development District (“Rivers Edge CDD”) assessments and (4) the obligation to purchase certain RiverTown community related impact fee credits from the Company as the RiverTown community is developed (the “RiverTown Sale”). The $19.6 million purchase money note was paid in full as of June 30, 2015.

Based on Mattamy’s current development plans and St. Johns County’s current costs for impact fees, the Company estimates that it may receive $20 million to $26 million for the impact fees over the remaining four-year period (most of which, the Company expects to receive at the end of that remaining four-year period). However, the actual additional consideration received for the impact fees, will be based on Mattamy’s actual development of the RiverTown community, the timing of Mattamy’s development of the RiverTown community and the impact fee rates at the time of such development (as determined by St. Johns County’s then current impact fee rate schedule), which are all factors beyond the Company's control. The Company cannot provide any assurance as to the amount or timing of any payments it may receive for the impact fees. The Company received $0.1 million for these impact fees during 2015 and 2014.

The Company recorded net earnings of $26.0 million before income taxes for the RiverTown Sale in the second quarter of 2014. Mattamy also assumed the Company's total outstanding Rivers Edge CDD assessments, which were $11.0 million, of which $5.4 million was recorded on the Company's Consolidated Balance Sheet as of March 31, 2014.

6. Investments

Investments and restricted investments consist of available-for-sale securities and are recorded at fair value, which is based on quoted market prices. Unrealized gains and temporary losses on investments, net of tax, are recorded in Other comprehensive (loss) income. Realized gains and losses are determined using the specific identification method. The amortized cost of debt securities are adjusted for amortization of premiums and accretion of discounts to maturity computed under the effective interest method. Such amortization is included in Investment income, net. In addition, at December 31, 2015, the Company had investments in short term commercial paper that are classified as cash equivalents, since they had maturity dates of ninety days or less from the date of purchase.

At December 31, 2015 investments and restricted investments classified as available-for-sale securities were as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Debt Securities:				
U.S. Treasury securities	$ 184,819	$ —	$ 79	$ 184,740
Corporate debt securities	7,273	—	981	6,292
Preferred stock	265	—	57	208
	192,357	**—**	**1,117**	**191,240**
Restricted investments:				
Guaranteed income fund	**7,072**	**—**	**—**	**7,072**
	$ 199,429	**$ —**	**$ 1,117**	**$ 198,312**

At December 31, 2014 investments and restricted investments classified as available-for-sale securities were as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Debt Securities:				
U.S. Treasury securities	$ 509,783	$ 32	$ —	$ 509,815
Corporate debt securities	101,587	—	1,482	100,105
Preferred stock	26,963	—	5	26,958
	638,333	**32**	**1,487**	**636,878**
Restricted investments:				
Guaranteed income fund	**7,940**	**—**	**—**	**7,940**
	$ 646,273	**$ 32**	**$ 1,487**	**$ 644,818**

Fairholme Capital has served as an investment advisor to the Company since April 2013. As of December 31, 2015, funds managed by Fairholme Capital beneficially owned approximately 32.5% of the Company's common stock. Mr. Bruce Berkowitz is the Managing Member of Fairholme Capital and the Chairman of the Company's Board of Directors. Fairholme Capital receives no compensation for their services as the Company's investment advisor.

Pursuant to the terms of the Company's Investment Management Agreement as amended (the "Agreement") with Fairholme Capital, Fairholme Capital agreed to supervise and direct the investments of investment accounts established by the Company in accordance with the investment guidelines and restrictions approved by the Investment Committee of the Company's Board of Directors. The investment guidelines are set forth in the Agreement and require that, as of the date of any investment: (i) at least 50% of the investment account be held in cash or cash equivalents, as defined in the Agreement, (ii) no more than 15% of the investment account may be invested in securities of any one issuer (excluding the U.S. Government) and (iii) any investment in any one issuer (excluding the U.S. Government) that exceeds 10% but not 15%, requires the consent of at least two members of the Investment Committee. The investment account may not be invested in common stock securities.

During 2015, realized gains from the sale of available-for-sale securities were $5.3 million and proceeds from the sale of available-for-sale securities were $385.7 million and proceeds from the maturity of available-for-sale securities were $410.0 million. During 2014, realized losses from the sale of available-for-sale securities were $0.8 million, proceeds from the sale of available-for-sale securities were $83.2 million and proceeds from the maturity of available-for-sale securities were $150.0 million.

As of December 31, 2015, certain of the Company's U.S. Treasuries, corporate debt securities and preferred stock had unrealized losses. As of December 31, 2014, certain of the Company's corporate debt securities and preferred stock had unrealized losses. As of December 31, 2015, corporate debt securities that had been in a continuous unrealized loss position for less than twelve months, had a fair value of $6.3 million and had $1.0 million of unrealized losses. As of December 31, 2014, corporate debt securities that have been in an unrealized loss position for less than twelve months, had a fair value of $85.8 million and had $1.3 million of unrealized losses. Corporate debt securities that had been in an unrealized loss position for twelve months or greater had a fair value of $14.3 million and had $0.2 million of unrealized losses.

The Company evaluates investments classified as available-for-sale with unrealized losses to determine if they are other-than-temporary impaired. This evaluation is based on various factors, including the financial condition, business prospects, industry and creditworthiness of the issuer, severity and length of time the securities were in a loss position, the Company's ability and intent to hold investments until unrealized losses are recovered or until maturity and amount of the unrealized loss. If a decline in fair value is considered other-than-temporary, the decline is then bifurcated into its credit and non-credit related components. The amount of the credit-related component is recognized in earnings, and the amount of the non-credit related component is recognized in other comprehensive loss, unless the Company intends to sell the security or it is more likely than not that the Company will be required to sell the security prior to its anticipated recovery.

At December 31, 2015, the unrealized losses related to the U.S. Treasury securities, corporate debt securities and preferred stock of $1.1 million were deemed temporary and included in Accumulated other comprehensive loss as of December 31, 2015. As of December 31, 2015, corporate debt securities had unrealized losses of $1.0 million, U.S. Treasury securities had unrealized losses of less than $0.1 million and preferred stock investments had unrealized losses of less than $0.1 million. As of December 31, 2014, certain of the Company's U.S. Treasuries and preferred stock had immaterial unrealized losses. The Company previously reported in its Annual Report on Form 10-K that it had no continuous unrealized losses greater than twelve months as a result of recognizing a portion of the unrealized loss in earnings as of December 31, 2014. The Company has revised this disclosure in the following table that provides the corporate debt securities in continuous unrealized loss position and their related fair values:

	As of December 31, 2015				As of December 31, 2014			
	Less Than 12 Months		12 Months or Greater		Less Than 12 Months		12 Months or Greater	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Debt securities:								
U.S. Treasury securities	$ 184,740	$ 79	$ —	$ —	$ 109,984	$ 6	$ —	$ —
Corporate debt securities	6,292	981	—	—	85,845	1,294	14,260	188
Preferred stock	208	57	—	—	23,683	10	—	—
	$ 191,240	$ 1,117	$ —	$ —	$ 219,512	$ 1,310	$ 14,260	$ 188

The Company had unrealized losses of $1.1 million as of December 31, 2015 related to U.S. Treasury Securities, corporate debt securities and preferred stock. The Company's unrealized losses as of December 31, 2014 relate primarily to investments in senior secured debt securities in one issuer that is a national retail chain that is non-investment grade. The Company purchased these investments between the second quarter of 2013 through the second quarter of 2014. During the third quarter of 2014, the Company determined that these investments were other-than-temporarily impaired and recorded $1.3 million related to credit-related losses in Investment income, net on the Company's Consolidated Statements of Operations. The credit-losses were measured as the difference between the present value of the expected cash flows of the corporate debt securities discounted using the effective interest rate at the date of purchase and the amortized cost of the corporate debt securities. The non-credit component of was recorded in Accumulated other comprehensive loss as of December 31, 2014. The Company sold these investments during 2015 and recorded a realized gain of $5.3 million.

As of December 31, 2015 and 2014, the Company did not intend to sell the investments with unrealized losses and it was not likely that the Company would have been required to sell the security prior to its anticipated recovery, which could have been maturity; therefore, the Company does not believe that its investment in the corporate debt securities was other-than-temporarily impaired at December 31, 2015 and 2014.

The net carrying value and estimated fair value of investments and restricted investments classified as available-for-sale at December 31, 2015, by contractual maturity are shown in the following table. Actual maturities may differ from contractual maturities because certain borrowers have the right to call or prepay obligations.

	Cost	Fair Value
Due in one year or less	$ 184,819	$ 184,740
Due after one year through five years	7,175	6,205
Due after ten through fifteen years	98	87
	192,092	191,032
Preferred stock	265	208
Restricted investments	7,072	7,072
	$ 199,429	$ 198,312

7. Other Income (Expense)

Other income (expense) consists of the following during the three years ended December 31, 2015:

	2015	2014	2013
Investment income, net			
Net investment income from available-for-sale securities			
Interest and dividend income	$ 5,900	$ 6,258	$ 1,171
Accretion income	2,566	1,455	—
Realized gains (losses) on the sale of investments	5,311	(833)	93
Other-than-temporary impairment losses	—	(1,295)	—
Total net investment income from available-for-sale securities	13,777	5,585	1,264
Interest income from investments in special purpose entities	8,217	6,116	—
Interest accrued on notes receivable and other interest	694	990	234
Total investment income, net	22,688	12,691	1,498
Interest expense			
Interest expense and amortization of discount and issuance costs for Senior Notes issued by special purpose entity	(8,755)	(6,584)	—
Interest expense	(2,674)	(2,024)	(2,040)
Total interest expense	(11,429)	(8,608)	(2,040)
Other, net			
Fees and expenses for the SEC investigation	(8,161)	—	—
Accretion income from retained interest investments	913	889	793
Hunting lease income	738	938	1,850
Litigation and insurance proceeds received	—	1,814	560
Other income, net	223	847	1,007
Other, net	(6,287)	4,488	4,210
Total other income	**$ 4,972**	**$ 8,571**	**$ 3,668**

Investment income, net

Interest and dividend income includes interest income accrued on the Company's corporate debt securities and dividend income received from the Company's preferred stock investments. Accretion income includes the amortization of the premium or accretion of discount related to the Company's available-for-sale securities, which is amortized based on an effective interest rate method over the term of the available-for-sale security. Realized gains (losses) on the sale of investments includes the gain or loss recognized on the sale of an available for sale security prior to maturity. Other-than-temporary impairment losses include the credit-related losses on the Company's corporate debt securities. See Note 6, *Investments.*

Interest income from investments in special purpose entities primarily includes interest accrued on the Timber Note, which is used to pay the interest expense for the Senior Notes issued by special purpose entity. See Note 5, *Real Estate Sales.*

Interest expense

Interest expense includes interest expense related to the Company's Community Development District debt and the construction loan and Refinanced Loan in the Pier Park North joint venture. Borrowing costs, including the discount and issuance costs for the Senior Notes issued by special purpose entity, are amortized based on the effective interest method at an effective rate of 4.9%.

Other, net

During 2015, the Company expensed a total of $8.2 million related to the recently resolved SEC investigation. This amount was included in Other, net in the Consolidated Statements of Operations. The $8.2 million of fees and expenses for the SEC investigation consisted of (i) $3.5 million for penalties, disgorgements and interest relating to the SEC investigation and (ii) $4.7 million of legal expenses associated with the SEC investigation. On October 27, 2015, the Company fully resolved the SEC investigation and entered into a settlement with the SEC. Without admitting or denying any factual allegations, the Company consented to the SEC's issuance of an administrative order pursuant to which the Company agreed to pay penalties, disgorgements and interest of approximately $3.5 million, including a civil penalty assessed on the Company of $2.75 million and other disgorgements and interest subject to indemnification by the Company. During 2015, the Company received correspondence from an insurance carrier related to non-coverage of certain fees and expenses incurred in the SEC investigation and, as a result of this correspondence, the Company recorded $4.7 million in legal costs during 2015. See Note 21, *Commitments and Contingencies*.

Litigation and insurance proceeds include the cash receipt of $1.8 million as a settlement for a real estate easement litigation during 2014 and the cash receipt of $0.6 million for insurance proceeds during 2013, as compared to no recoveries in 2015. As of December 31, 2015, the Company did not possess necessary data to determine any insurance or litigation receivables.

The Company records the accretion of investment income from its retained interest investment over the life of the retained interest using the effective yield method with rates ranging from 3.7% to 11.7%. Hunting lease income is recognized as income over the term of the lease.

8. Financial Instruments and Fair Value Measurements

Fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or a liability. A three-tier fair value hierarchy is established as a basis for considering such assumptions and for inputs used in the valuation methodologies in measuring fair value:

Level 1. Quoted prices in active markets for identical assets or liabilities;

Level 2. Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; and

Level 3. Unobservable inputs in which there is little or no market data, such as internally-developed valuation models which require the reporting entity to develop its own assumptions.

The financial instruments measured at fair value on a recurring basis at December 31, 2015 were as follows:

	Level 1	Level 2	Level 3	Total Fair Value
Cash equivalents:				
Money market funds	$ 18,233	$ —	$ —	$ 18,233
Commercial paper	174,973	—	—	174,973
Debt securities:				
U.S. Treasury securities	184,740	—	—	184,740
Corporate debt securities	—	6,292	—	6,292
Preferred stock	—	208	—	208
Restricted investments:				
Guaranteed income fund	—	7,072	—	7,072
	$ 377,946	**$ 13,572**	**$ —**	**$ 391,518**

The financial instruments measured at fair value on a recurring basis at December 31, 2014 were as follows:

	Level 1	Level 2	Level 3	Total Fair Value
Cash equivalents:				
Money market funds	$ 19,971	$ —	$ —	$ 19,971
Debt securities:				
U.S. treasury securities	509,815	—	—	509,815
Corporate debt securities	—	100,105	—	100,105
Preferred stock	—	26,958	—	26,958
Restricted investments:				
Guaranteed income fund	—	7,940	—	7,940
	$ 529,786	**$ 135,003**	**$ —**	**$ 664,789**

Money market funds, U.S. Treasury securities and commercial paper are measured based on quoted market prices in an active market and categorized within level 1 of the fair value hierarchy. Money market funds and commercial paper with a maturity date of 90 days or less from the date of purchase are classified as cash equivalents in the Company’s Consolidated Balance Sheets.

Corporate debt securities and preferred stock are measured primarily using pricing data from external pricing services that use prices observed for recently executed market transactions for the corporate debt security or the preferred stock that the Company owns. Corporate debt securities and preferred stock are not traded on a nationally recognized exchange but rather are traded in the U.S. over the counter market where there is less trading activity. For these reasons, the Company has determined that the corporate debt securities and preferred stock are categorized as level 2 financial instruments since their fair values were determined from market inputs in an inactive market.

Restricted investments include certain of the surplus assets that were transferred from the Company’s Pension Plan to a suspense account in the Company’s 401(k) Plan in December 2014. The Company has retained the risks and rewards of ownership of these assets; therefore, the assets held in the suspense account are included in the Company’s Consolidated Balance Sheets until they are allocated to participants. As of December 31, 2015 and December 31, 2014, the assets held in the suspense account were invested in the Prudential Guaranteed Income Fund, which is a stable value fund designed to provide safety of principal, liquidity, and a rate of return. The Prudential Guaranteed Income Fund is valued based upon the contributions made to the fund, plus earnings at guaranteed crediting rates, less withdrawals and fees and are categorized as level 2 financial instruments. The Company’s Retirement Plan Investment Committee is responsible for investing decisions and allocation decisions of the suspense account. Refer to Note 18, *Employee Benefit Plans*.

Long-lived Assets

The Company reviews its long lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Homes are measured at lower of carrying value or fair value. The fair value of these homes is determined based upon final sales prices of inventory sold during the period (level 2 inputs) or estimates of selling prices based on current market data (level 3 inputs). Operating properties are evaluated for impairment based on management's best estimate of undiscounted cash flows and eventual disposition of such properties (level 3 inputs).

The Company uses varying methods to determine fair value, such as (i) analyzing expected future cash flows, (ii) determining resale values by market, (iii) applying a capitalization rate to net operating income using prevailing rates in a given market or (iv) applying a multiple to revenue using prevailing rates in a given market. The fair value of a property may be derived either from discounting projected cash flows at an appropriate discount rate, through appraisals of the underlying property, or a combination thereof.

The Company's assets measured at fair value on a nonrecurring basis are those assets for which the Company has recorded valuation adjustments and impairments during the year. There were no non-financial assets measured at fair value on a nonrecurring basis at December 31, 2015 or 2014. The Company's non-financial assets measured at fair value on a nonrecurring basis and level 3 inputs are as follows at December 31, 2013.

Financial Statement Line	Level 3 Fair Value	Total Impairment Charge	Unobservable Input(s)	Range of Inputs Used
December 31, 2013				
Investment in real estate, net	$ 2,420	$ 4,911	Revenue growth rates	5% - 16%
			Discount rate	14%
			Cap rate	11.8%
Investment in real estate, net	$ 722	$ 169	Estimated selling price based on market data	$0.7 million - $0.9 million

One of the Company's golf courses incurred negative operating cash flows in 2013 and the future estimated undiscounted cash flows were less than the carrying value of its operating assets; therefore, the Company recorded an impairment charge of $4.9 million. The fair value of the property was determined by discounting projected cash flows. In addition, during 2013, the Company wrote down a residential property to its current fair value less estimated selling costs.

Fair Value of Financial Instruments

The Company uses the following methods and assumptions in estimating fair value for financial instruments:

- The fair value of the Company's pledged treasury securities is based on quoted market prices in an active market.
- The fair value of the Company's retained interest investments is based on the present value of the expected future cash flows at the effective yield.
- The fair value of the Investments held by special purpose entities - time deposit is based on the present value of future cash flows at the current market rate. See Note 5, *Real Estate Sales*.
- The fair value of the Investments held by special purpose entities - U.S. Treasury securities are measured based on quoted market prices in an active market. See Note 5, *Real Estate Sales*.
- The fair value of the Senior Notes held by special purpose entity is based on the present value of future cash flows at the current market rate. See Note 5, *Real Estate Sales*.

The carrying amount and fair value of the Company's financial instruments were as follows:

	December 31, 2015			December 31, 2014		
	Carrying value	Fair value	Level	Carrying value	Fair value	Level
Assets						
Pledged treasury securities	$ —	$ —	N/A	$ 25,670	$ 26,501	1
Retained interest investments	$ 10,246	$ 13,333	3	$ 9,932	$ 13,026	3
Investments held by special purpose entities (Note 5)	$ 208,785	$ 209,033	3	$ 209,857	$ 209,679	3
Liabilities						
Senior Notes held by special purpose entity (Note 5)	$ 177,445	$ 178,035	3	$ 177,341	$ 177,940	3

Pledged Treasury Securities

In connection with a sale of the Company's office portfolio in 2007, the Company completed an in-substance defeasance of approximately $29.3 million of mortgage debt that was collateralized by one of the commercial buildings. The Company assigned the mortgage debt and deposited sufficient funds with a trustee solely to satisfy the principal and remaining interest obligations on the mortgage debt when due. The interest yield on the pledged securities and the interest expense on the debt are closely related. The transaction did not qualify as an extinguishment of debt, since the Company was responsible if there had been a shortfall in the funds deposited into the trust, which are invested in government backed securities. The trust was not in the Company's control and the trustee could not sell the securities prior to maturity.

As such, the government backed securities and the related debt (see Note 13, *Debt*) remained on the Company's Consolidated Balance Sheets at December 31, 2014. In October 2015, the trustee made the final balloon payment on the mortgage debt in the amount of $25.3 million, utilizing the pledged treasury securities and cash. There was no shortfall on the payment.

Retained Interest Investments

The Company has a beneficial interest in certain bankruptcy remote qualified special purpose entities (the "SPEs") used in the installment sale monetization of certain sales of timberlands in 2007 and 2008. The SPEs' assets are not available to satisfy the Company's liabilities or obligations and the liabilities of the SPEs are not the Company's liabilities or obligations. In the event that proceeds from the financial instruments are insufficient to settle all of the liabilities of the SPEs, the Company is not obligated to contribute any funds to the SPEs. The Company has determined that it is not the primary beneficiary of the SPEs, since the Company is not the primary decision maker with respect to activities that could significantly impact the economic performance of the SPEs, nor does the Company perform any service activity related to the SPEs. Therefore, the SPEs' assets and liabilities are not consolidated in the Company's financial statements as of December 31, 2015.

The Company has a beneficial or retained interest investment related to these SPEs of $10.2 million and $9.9 million as of December 31, 2015 and 2014, respectively, recorded in Other assets on the Company's Consolidated Balance Sheets. The Company has classified its retained interest investment as held-to-maturity because the Company has both the intent and the ability to hold its interest in the SPEs to maturity. Accordingly, the Company has recorded the retained interest investment at cost, adjusted for the accretion of investment income over the life of the retained interest using the effective yield method with rates ranging from 3.7% - 11.7%. The Company continues to update the expectation of cash flows to be collected over the term of the retained interest. Changes to the previously projected cash flows are accounted for prospectively, unless based on management's assessment of current information and events, it is determined that there is an other-than-temporary impairment. The Company has not recorded an other-than-temporary impairment related to its retained interest investments during the years ended December 31, 2015 and 2014.

In the event of a failure and liquidation of the counterparties involved in the installment sales, the Company could be required to write-off the remaining retained interest recorded on its Consolidated Balance Sheets in connection with the installment sale monetization transactions in 2007 and 2008.

9. Real Estate Joint Ventures

The Company enters into real estate joint ventures, from time to time, for the purpose of developing real estate in which the Company may or may not have a controlling financial interest. GAAP requires consolidation of variable interest entities ("VIE") in which an enterprise has a controlling financial interest and is the primary beneficiary. A controlling financial interest will have both of the following characteristics: (a) the power to direct the VIE activities that most significantly impact economic performance and (b) the obligation to absorb the VIE losses and right to receive benefits that are significant to the VIE. The Company examines specific criteria and uses judgment when determining whether the Company is the primary beneficiary and must consolidate a VIE. The Company continues to assess whether it is the primary beneficiary on an ongoing basis.

Consolidated VIEs

During 2012, the Company entered into a joint venture agreement with a partner to develop a retail center at Pier Park North. The Company and its partner have contributed total cash of approximately $14.4 million to the joint venture, of which the Company contributed $9.5 million, or 66%, and the Company's partner contributed $4.9 million, or 34%. Additionally, during 2013 the Company contributed land with an agreed upon value of $6.0 million to the joint venture. During 2013, the Company received a cash distribution of $2.3 million as the result of a sale of a portion of the property in the joint venture.

In February 2013, the joint venture entered into a $41.0 million construction loan agreement that would have matured in February 2016 with the possibility of an option for a two year extension. As of December 31, 2014, $31.6 million was outstanding on the construction loan. In connection with the construction loan agreement the Company had entered into certain limited guarantees. In addition, the Company had agreed to maintain minimum liquidity of $25 million and net worth of $350 million under the construction loan.

In October 2015, the Pier Park North joint venture refinanced the construction loan and entered into a $48.2 million loan. As of December 31, 2015, $48.2 million was outstanding on the Refinanced Loan. The Refinanced Loan accrues interest at a rate of 4.1% per annum and matures in November 2025 (the "Refinanced Loan"). The Refinanced Loan provides for interest only payments during the first twelve months and principal and interest payments thereafter with a final balloon payment at maturity. The Refinanced Loan is secured by a first lien on, and security interest in, a majority of Pier Park North joint venture's property and a short term $6.62 million letter of credit.

Upon refinancing of the construction loan, $6.3 million was distributed to the Company, including $3.7 million as the remaining return for contributed land. As contemplated by the Pier Park North joint venture's operating agreement, the remaining distribution was used to rebalance the equity ownership in the joint venture, such that the ownership percentage of the Company and its partner was adjusted to 60% and 40%, respectively.

In connection with the closing of the Refinanced Loan, each of the Pier Park North joint venture partners executed a limited guarantee in favor of the lender, based on their percentage ownership of the joint venture. The limited guarantee covers losses arising out of certain events, including (i) tenant security deposits; (ii) tenant rents; (iii) costs and expenses related to any environmental clean-up; (iv) liability for fraud or material breach of warranty with respect to the financing; (v) unpaid real estate taxes assessed against the property; (vi) failure to maintain required insurance; (vii) foreclosure of the security instrument; or (viii) failure of the joint venture to comply with certain covenants in the security instrument. In addition, the guarantee can become full recourse in the case of any fraud or intentional misrepresentation by the Pier Park North joint venture; any voluntary transfer or encumbrance of the property in violation of the due-on-sale clause in the security instrument; upon commencement of voluntary or insolvency proceedings; and upon breach of covenants in the security instrument. Pursuant to the guarantee, the Pier Park North joint venture partners are required to maintain a minimum of $36 million in combined net worth, not including the value of each partner's respective equity in the Pier Park North property.

As of December 31, 2015, the Company's capital account represents 60% of the total equity in the joint venture. The Company's partner is responsible for the day-to-day activities; however, the Company has significant involvement in the design of the related development plan and approves all major decisions including the project development, annual budgets and loan refinancing. The Company has evaluated the VIE consolidation requirements with respect to this transaction and has determined that the Company is the primary beneficiary as the Company has both the power to direct the activities that most significantly impact the VIE's economic performance and the obligation to absorb losses and the right to receive benefits that are significant to the VIE; therefore, the results of the VIE have been consolidated within the financial results of the Company as of December 31, 2015.

In addition, the Company is the primary beneficiary of another real estate joint venture, Artisan Park, L.L.C, that is consolidated within the financial results of the Company. The Company is entitled to 74% of the profits or losses of this VIE and is responsible for the day-to-day activities of the joint venture. The Company has determined that the Company is the primary beneficiary as it has the power to direct the activities that most significantly impact the joint venture's economic performance; therefore, the results of the VIE have been consolidated within the financial results of the Company.

As of December 31, 2015 and 2014, the carrying amounts of the real estate VIEs' assets that are consolidated were $60.5 million and $51.6 million and non-recourse liabilities $49.8 million and $34.4 million, including debt. The Refinanced Loan is secured by a first lien on, and security interest in, a majority of the Pier Park North joint venture's property and a short term $6.62 million letter of credit. The VIE's assets can only be used to settle obligations of that VIE. Those assets are owned by, and those liabilities are obligations of, the VIE, and not the Company.

Unconsolidated VIEs

During 2015, the Company was a partner in ALP Liquidating Trust ("ALP") that is accounted for using the equity method. The joint venture was entered into to develop and sell certain mixed use residential and commercial projects. The Company has evaluated the VIE consolidation requirements with respect to this joint venture and has determined that the Company is not the primary beneficiary, since the Company does not have the power to direct the activities that most significantly impact the economic performance of the VIE. The Company is not required to contribute additional funds to ALP.

Summarized financial information for ALP is as follows:

	December 31, 2015	December 31, 2014
BALANCE SHEETS:		
Cash and cash equivalents	$ 13,760	$ 15,461
Other assets	58	57
Total assets	**$ 13,818**	**$ 15,518**
Accounts payable and other liabilities	$ 1,978	$ 605
Equity[(1)]	11,840	14,913
Total liabilities and equity	**$ 13,818**	**$ 15,518**

(1) In 2008, the Company wrote-off its investment in ALP as a result of ALP reserving its assets to satisfy potential claims and obligations in accordance with its publicly reported liquidation basis of accounting. Subsequently, ALP changed its method of accounting to a going concern basis and reinstated its equity and stated it would report certain expenses as they are incurred. The Company has not recorded any additional equity income as a result of the ALP's change in accounting.

	2015	2014	2013
STATEMENTS OF OPERATIONS:			
Total expenses, net	$ 3,073	$ 1,952	$ 1,014
Net loss	**$ 3,073**	**$ 1,952**	**$ 1,014**

10. Notes Receivable, net

Notes receivable, net consists of the following:

	December 31, 2015	December 31, 2014
Interest bearing homebuilder note for the RiverTown Sale, secured by the real estate sold — 5.25% interest rate, all accrued interest and remaining principal and interest payment due and paid in June 2015	$ —	$ 19,600
Pier Park Community Development District notes, non-interest bearing, due December 2024, net of unamortized discount of $0.1 million, effective rates 5.73% — 8.0%	1,985	2,147
Interest bearing homebuilder notes, secured by the real estate sold — 4.0% interest rate, any remaining payments outstanding are due August 2016	90	2,011
Various mortgage notes, secured by certain real estate bearing interest at various rates	480	512
Total notes receivable, net	**$ 2,555**	**$ 24,270**

The Company evaluates the carrying value of the notes receivable and the need for an allowance for doubtful notes receivable at each reporting date.

11. Property and Equipment, net

Property and equipment, net consists of the following:

	December 31, 2015	December 31, 2014	Estimated Useful Life (in years)
Railroad and equipment	$ 33,626	$ 33,627	15-30
Machinery and equipment	15,587	16,498	3-10
Office equipment	16,662	18,844	3-10
Autos and trucks	1,044	866	3-10
	66,919	69,835	
Less: Accumulated depreciation	57,103	60,284	
	9,816	9,551	
Construction in progress	329	652	
Total property and equipment, net	**$ 10,145**	**$ 10,203**	

Depreciation expense on property and equipment was $2.8 million in 2015, $2.2 million in 2014 and $2.5 million in 2013.

12. Other Assets

Other assets consist of the following:

	December 31, 2015	December 31, 2014
Retained interest investments	$ 10,246	$ 9,932
Accounts receivable, net	4,382	4,385
Prepaid expenses	5,849	4,783
Straight line rent	3,732	2,869
Income tax receivable	2,275	778
Other assets	8,822	6,305
Accrued interest receivable for Senior Notes held by special purpose entity (Note 5)	3,338	2,938
Total other assets	**$ 38,644**	**$ 31,990**

13. Debt

Debt consists of the following:

	December 31, 2015	December 31, 2014
Refinanced Loan in the Pier Park North joint venture, due November 2025, bearing interest at 4.1% at December 31, 2015	$ 48,200	$ —
Community Development District debt, secured by certain real estate and standby note purchase agreements, due May 2016 — May 2039, bearing interest at 2.80% to 7.0% at December 31, 2015 and 2.55% to 7.0% at December 31, 2014	6,994	6,516
Construction loan in the Pier Park North joint venture, paid in October 2015, bearing interest at LIBOR plus 210 basis points, or 2.26% at December 31, 2014	—	31,618
In-substance defeased debt, interest payable at 5.62%, secured and paid by pledged cash and treasury securities, due and paid October 1, 2015	—	25,670
Total debt	**$ 55,194**	**$ 63,804**

In February 2013, the Company's Pier Park North joint venture entered into a construction loan agreement for $41.0 million that was intended to mature in February 2016 with the possibility of an option for a two year extension. As of December 31, 2014, $31.6 million was outstanding on the construction loan. In October 2015, the Pier Park North joint venture refinanced its February 2013 construction loan and entered into a $48.2 million loan. As of December 31, 2015 $48.2 million was outstanding on the Refinanced Loan. The Refinanced Loan accrues interest at a rate of 4.1% per annum and will mature on November 1, 2025. See Note 9, *Real Estate Joint Ventures* for details on the Refinanced Loan.

Community Development District ("CDD") bonds financed the construction of infrastructure improvements at several of the Company's projects. The principal and interest payments on the bonds are paid by assessments on, or from sales proceeds of, the properties benefited by the improvements financed by the bonds. The Company has recorded a liability for CDD assessments that are associated with platted property, which is the point at which the assessments become fixed or determinable. Additionally, the Company has recorded a liability for the balance of the CDD assessment that is associated with unplatted property if it is probable and reasonably estimable that the Company will ultimately be responsible for repaying. The Company has recorded debt of $7.0 million and $6.5 million related to CDD assessments as of December 31, 2015 and 2014, respectively. The Company's total outstanding CDD assessments were $22.5 million and $22.7 million at December 31, 2015 and 2014, respectively. The Company pays interest on the total outstanding CDD assessments.

In connection with the sale of the Company's office building portfolio in 2007, the Company completed an in-substance defeasance of debt of approximately $29.3 million of mortgage debt, which had a final balloon payment that was made in October 2015. The Company assigned the mortgage debt and deposited sufficient funds with a trustee solely to satisfy the principal and remaining interest obligations on the mortgage debt when due. The indebtedness remained on the Company's Consolidated Balance Sheets at December 31, 2014 since the transaction was not considered to be an extinguishment of debt because the Company is liable if, for any reason, the government securities are insufficient to repay the debt. In October 2015, the trustee made the final balloon payment on the mortgage debt in the amount of $25.3 million, utilizing the pledged treasury securities and cash. There was no shortfall on the payment.

The aggregate maturities of debt subsequent to December 31, 2015 are:

	December 31, 2015
2016	$ 248
2017	988
2018	1,029
2019	1,071
2020	1,116
Thereafter	50,742
	$ 55,194

14. Accrued Liabilities and Deferred Credits

Accrued liabilities and deferred credits consist of the following:

	December 31, 2015	December 31, 2014
Accrued compensation	$ 3,366	$ 2,673
Deferred revenue	15,222	15,309
Membership deposits	7,778	8,426
Other accrued liabilities	6,505	5,651
Accrued interest expense for Senior Notes held by special purpose entity (Note 5)	2,850	2,852
Total accrued liabilities and deferred credits	**$ 35,721**	**$ 34,911**

Deferred revenue at December 31, 2015 and 2014 includes $12.5 million related to a 2006 agreement pursuant to which the Company agreed to sell approximately 3,900 acres of rural land to the Florida Department of Transportation (the “FDOT”). Revenue is recognized when title to a specific parcel is legally transferred.

As of December 31, 2015, other accrued liabilities include $1.2 million in accruals for legal fees and expenses related to the SEC investigation. See Note 21, *Commitments and Contingencies*.

15. Income Taxes

Income tax expense (benefit) for the years ended December 31, 2015, 2014, and 2013 consist of the following:

	2015	2014	2013
Current:			
Federal	$ (1,377)	$ 69,245	$ 349
State	(138)	135	169
Total	(1,515)	69,380	518
Deferred:			
Federal	2,261	35,314	(366)
State	62	10,813	(561)
Total	2,323	46,127	(927)
Income tax expense (benefit)	**$ 808**	**$ 115,507**	**$ (409)**

Total income tax expense (benefit) for the years ended December 31, 2015, 2014, and 2013 was allocated in the consolidated financial statements as follows:

	2015	2014	2013
Income tax expense (benefit)	$ 808	$ 115,507	$ (409)
Income tax recorded in Accumulated other comprehensive income			
Income tax benefit	300	127	—
Total income tax expense (benefit)	**$ 508**	**$ 115,380**	**$ (409)**

Income tax expense (benefit) attributable to income from operations differed from the amount computed by applying the statutory federal income tax rate of 35% to pre-tax income as a result of the following:

	2015	2014	2013
Tax at the statutory federal rate	$ (323)	$ 182,700	$ 1,603
State income taxes (net of federal benefit)	(32)	18,270	160
Decrease in valuation allowance	(164)	(86,882)	(2,218)
Fees and expenses for SEC investigation	1,092	—	—
Other	235	1,419	46
Total income tax expense (benefit)	$ 808	$ 115,507	$ (409)

The tax effects of temporary differences that give rise to significant portions of deferred tax assets and deferred tax liabilities as of December 31, 2015 and 2014 are presented below:

	2015	2014
Deferred tax assets:		
State net operating loss carryforwards	$ 11,400	$ 11,336
Impairment losses	112,143	116,451
Prepaid income from land sales	5,490	5,507
Other	1,358	1,398
Total gross deferred tax assets	130,391	134,692
Valuation allowance	(6,012)	(6,176)
Total net deferred tax assets	124,379	128,516
Deferred tax liabilities:		
Investment in real estate and property and equipment basis differences	3,071	2,484
Deferred gain on land sales and involuntary conversions	28,691	31,574
Installment sales	126,741	126,225
Pension Plan assets transferred to the 401(k) Plan	2,723	3,057
Total gross deferred tax liabilities	161,226	163,340
Net deferred tax liability	**$ (36,847)**	**$ (34,824)**

The Company had no federal net operating loss carryforwards at December 31, 2015 and 2014. At December 31, 2015 and 2014, the Company had state net operating loss carryforwards of $325.7 million and $323.9 million, respectively. The majority of state net operating losses are available to offset future taxable income through 2031.

In general, a valuation allowance is recorded if, based on the weight of available evidence, it is more likely than not that some portion or all of the deferred tax asset will not be realized. Realization of the Company’s deferred tax assets is dependent upon the Company generating sufficient taxable income in future years in the appropriate tax jurisdictions to obtain a benefit from the reversal of deductible temporary differences and from loss carryforwards. As of December 31, 2015, based on the timing of reversal of future taxable amounts and the Company’s history of losses, management did not believe it met the requirements to realize the benefits of certain of its deferred tax assets; therefore, the Company had maintained a valuation allowance of $6.0 million.

As of December 31, 2015 and 2014, management believed it had not met the requirements to realize the benefits for a portion of its deferred tax assets for state net operating loss carryforwards; therefore, the Company has maintained a valuation allowance of $6.0 million and $6.2 million, respectively, related to state net operating losses. During 2015, the Company decreased the valuation allowance by $0.2 million to $6.0 million.

At December 31, 2013, other deferred tax assets includes a valuation allowance to offset the deferred tax component recognized in Accumulated other comprehensive loss of $2.1 million. This valuation allowance was reversed during 2014 and there was no valuation allowance in Accumulated other comprehensive loss as of December 31, 2014.

The Company had approximately $1.7 million of total unrecognized tax benefits as of December 31, 2015 and 2014, respectively. Of this total, there are no amounts of unrecognized tax benefits that, if recognized, would affect the effective income tax rate. There were no decreases or increases related to prior year or current year tax positions. In addition, as a result of the adoption of the guidance that was effective for the Company on January 1, 2014 related to the presentation of an unrecognized tax benefit, when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists, the Company reclassified $1.7 million of its unrecognized tax benefit from Accrued liabilities and deferred credits to Deferred tax liabilities as of December 31, 2015 and 2014.

There were no penalties required to be accrued at December 31, 2015 and 2014. The Company recognizes interest and/or penalties related to income tax matters in Income tax (expense) benefit.

The Company is currently open to examination by taxing authorities for the years ended December 31, 2012 through 2014. The IRS has completed the examination of the Company's tax return for 2013 without adjustment.

16. Stock Repurchase Program

As of January 1, 2015, the Company had $103.8 million remaining under its Stock Repurchase Program. From January 1 through August 15, 2015, the Company repurchased 634,596 shares of its common stock in open market transactions at an average weighted price of $16.03, for a total of $10.2 million. On August 15, 2015 the Company's Board of Directors increased the Stock Repurchase Program authorization to permit the repurchase of up to $300.0 million (including $93.6 million that remained unused from the previous authorization).

On August 21, 2015, the Company commenced a tender offer to purchase up to 16,666,666 shares of its common stock at a price of $18.00 per share. Upon consummation of this tender offer, the Company purchased 16,348,143 of its common stock at a purchase price of $18.00 per share, for a total purchase price of $294.3 million and $0.5 million in related costs. In October 2015, the Company's Board of Directors again increased the Stock Repurchase Program authorization to permit the repurchase of an additional $200.0 million. As of December 31, 2015, the Company had a total of $205.7 million available for purchase of shares under its Stock Repurchase Program. The Company may repurchase stock in open market purchases from time to time pursuant to Rule 10b-18, in privately negotiated transactions or otherwise. The timing and amount of any additional shares to be repurchased will depend upon a variety of factors, including market and business conditions, applicable legal requirements and other factors. Repurchases may be commenced or suspended at any time or from time to time without prior notice. The Stock Repurchase Program will continue until otherwise modified or terminated by the Company's Board of Directors at any time in its sole discretion. Subsequent to December 31, 2015 but prior to the filing of this annual report, the Company purchased an additional 995,650 shares for an aggregate purchase price of $14.8 million.

17. Stock Based Compensation

The Company previously offered a stock incentive plan whereby awards were granted to certain employees and non-employee directors of the Company in various forms including restricted shares of Company common stock and options to purchase Company common stock. Awards were discretionary and were determined by the Compensation Committee of the Board of Directors. Stock based compensation cost is measured at the grant date based on the fair value of the award and is typically recognized as expense on a straight-line basis over the requisite service period, which is the vesting period. Upon exercise of stock options or vesting of restricted stock, the Company will use treasury stock or issue new common stock.

During 2015, the Company had two equity plans available for issuance of equity compensation instruments, including restricted shares of Company common stock and options to purchase Company common stock, the 2009 Equity Incentive Plan (the "2009 Plan") and the 2015 Performance and Equity Incentive Plan (the "2015 Plan"). Upon adoption of the 2015 Plan, the remaining shares available for awards under the 2009 Plan were included in the 1.5 million shares approved under the 2015 Plan. As of December 31, 2015, 1.5 million shares were available under the 2015 Plan. Stock options previously granted under the 2009 Plan are still outstanding and to the extent that such options are exercised prior to their expiration, shares will be issued under the 2009 Plan.

Total stock-based compensation recorded in Corporate expense, net, on the Consolidated Statements of Operations for the three years ended December 31, 2015 is as follows:

	2015	2014	2013
Stock compensation expense before tax benefit	$ 150	$ 210	$ 247
Income tax benefit	(58)	(81)	(95)
	$ 92	$ 129	$ 152

The following table sets forth the summary of option activity outstanding under the stock option program for 2015:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value ($000)
Balance at December 31, 2014	99,775	$ 54.15	1.9	—
Forfeited or expired	—	—	—	—
Balance at December 31, 2015	99,775	$ 54.15	0.9	—
Vested or expected to vest at December 31, 2015	99,775	$ 54.15	0.9	—
Exercisable at December 31, 2015	99,775	$ 54.15	0.9	—

As of December 31, 2015 the Company did not have any unvested restricted stock units outstanding and did not issue any restricted stock units under either the 2009 Plan or 2015 Plan. The weighted average grant date fair value of restricted stock units during 2015, 2014 and 2013 were $15.53, $21.59 and $20.49, respectively. The total fair values of restricted stock units and stock options which vested were zero during 2015 and 2014 and $0.5 million during 2013. In 2015, the Company granted less than 0.1 million of vested restricted stock awards granted to certain of the Company's directors as fees for services rendered under the 2009 Plan.

18. Employee Benefit Plans

The Company previously sponsored a cash balance defined benefit pension plan that covered substantially all of its salaried employees (the "Pension Plan"). In November 2012, the Board of Directors approved the termination of the Pension Plan. The Pension Plan was frozen in March 2013 pending regulatory approvals, which were received in August 2014. As of December 31, 2014, the Pension Plan assets were distributed to Pension Plan participants and $7.9 million was distributed to the Company's 401(k) Plan to pay additional future benefits to current and future 401(k) plan participants over a period of up to seven years. Subsequent to these distributions, the remaining Pension Plan assets of $23.8 million were reverted to the Company in December 2014. As a result of the Pension Plan termination, the Company had no prepaid pension asset or accumulated benefit obligation at December 31, 2015 and 2014.

There were no pension charges in 2015. During 2014, the Company recorded a total of $13.5 million in Pension charges on the Company's Consolidated Statements of Operations, which included $8.7 million for net periodic pension costs, including settlements related to the termination of the Pension Plan and $4.8 million of excise tax.

During 2013, the Company incurred settlement losses of $0.7 million related to cash distributions made to certain participants.

Obligations and Funded Status

Change in projected benefit obligation and plan assets:

	2014
Projected benefit obligation, beginning of year	$ 23,531
Interest cost	625
Actuarial loss	2,245
Benefits paid	(95)
Settlements	(26,306)
Projected benefit obligation, end of year	$ —
Fair value of assets, beginning of year	$ 58,648
Actual return on assets	14
Benefits and expenses paid	(595)
Settlements	(26,306)
Assets contributed to 401(k) Plan	(7,940)
Assets reverted to the Company	(23,821)
Fair value of assets, end of year	$ —
Funded status at end of year	**$ —**
Ratio of plan assets to projected benefit obligation	—%

A summary of the net periodic pension cost and other amounts recognized in other comprehensive income (loss) are as follows:

	2014	2013
Service cost	$ —	$ 225
Interest cost	625	653
Expected return on assets	550	(443)
Amortization of loss	465	326
Settlement charges	7,107	739
Net periodic pension cost	**$ 8,747**	**$ 1,500**
Other changes in plan assets and obligations recognized in Other comprehensive income:		
Gain	(5,392)	(3,260)
Total other comprehensive income	(5,392)	(3,260)
Total net periodic pension cost and other comprehensive income (loss)	**$ 3,355**	**$ (1,760)**

As of December 31, 2015 and 2014 there were no actuarial loss amounts not yet reflected in net periodic pension cost and included in Accumulated other comprehensive loss as they were recognized in net periodic cost during 2014 due to the final settlement of the Pension Plan in 2014. As of December 31, 2013, actuarial loss amounts not yet reflected in net periodic pension cost and included in accumulated other comprehensive loss were $5.4 million. In 2014, pension charges on the Consolidated Statements of Operations include $4.8 million of excise tax.

Assumptions

Assumptions used to develop net periodic pension cost:

	2014	2013
Discount rate	3.75%	4.37%
Expected long-term rate on plan assets	—%	—%
Rate of compensation increase	N/A	N/A

The Pension Plan was terminated in 2014. Prior to that, to develop the expected long-term rate of return on assets assumption, the Company considered the current level of expected returns on risk free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for future returns of each asset class. The expected return for each asset class was then weighted based on the target asset allocation to develop the expected long-term rate of return on assets assumption for the portfolio. This resulted in the selection of the 0.00% assumption in 2013. Early in 2014, the Pension Plan transferred the majority of its investments held in plan assets to U.S. Treasury securities to maintain the Pension Plan asset balance, which resulted in the selection of a minimal expected long-term rate on plan assets as the U.S. Treasury securities in 2014 and 2013.

Plan Assets

During 2014, the Pension Plan transferred the majority of its investments held in plan assets to U.S. Treasury securities to maintain the Pension Plan asset balance. There were no Plan assets at December 31, 2014. At December 31, 2013, U.S. Treasury securities are fair valued based on quoted market prices in an active market. The following tables sets forth by level within the fair value hierarchy for Plan assets at December 31, 2013.

Assets at Fair Value as of December 31, 2013

Asset Category:	Level 1	Level 2	Level 3	Total
Cash	$ 115	$ —	$ —	$ 115
Money market funds	697	—	—	697
U.S. Treasuries	57,836	—	—	57,836
Total	$ 58,648	$ —	$ —	$ 58,648

The following table sets forth a summary of changes in the fair value of the Pension Plan's level 3 assets for the year ended December 31, 2013. There were no level 3 assets in the Pension Plan during 2014.

	2013
Balance, beginning of year	$ 927
Sales	(1,648)
Realized gain on sale	721
Unrealized gains relating to instruments still held at the reporting date	—
Balance, end of year	$ —

Deferred Compensation Plan

The Company maintains a 401(k) retirement plan covering substantially all officers and employees, which permits participants to defer up to the maximum allowable amount determined by the IRS of their eligible compensation.

As part of the 2014 Pension Plan termination, the Company directed the Pension Plan to transfer $7.9 million of the Pension Plan's surplus assets into a suspense account in the Company's 401(k) Plan. The Company expects to use the $7.9 million, including any income earned on the assets held in the suspense account, for Company contributions under the Company's 401(k) Plan within the next six years. At December 31, 2015 and December 31, 2014, the fair values of these assets were recorded in Restricted investments on the Company's Consolidated Balance Sheets and were $7.1 million and $7.9 million, respectively.

The Company retains the risks and rewards of ownership of the assets held in the suspense account since they have not been allocated to participants as of December 31, 2015; therefore, the $7.1 million of unallocated assets held in the suspense account are recorded on the Company's Consolidated Balance Sheet as Restricted investments. The Company will record expense for the fair value of the assets at the time the assets are allocated to participants.

During 2015, the Company recorded an expense of $1.0 million for the fair value of the assets that were allocated to participants. Any gains and losses on unallocated assets are reflected in the Company's Consolidated Statements of Operations and were a $0.1 million gain for 2015. In addition, the Company expects to record additional expenses of approximately $7.1 million as the assets in our 401(k) Plan are allocated to participants over the next six years. Refer to Note 8, *Financial Instruments and Fair Value Measurements.*

As of December 31, 2015, the assets held in the suspense account were invested in the Guaranteed Income Fund. The Guaranteed Income Fund is valued based upon the contributions made to the fund, plus earnings at guaranteed crediting rates, less withdrawals and fees, and is categorized as a level 2 financial instrument. The Company's Retirement Plan Investment Committee is responsible for investing decisions and allocation decisions of the suspense account. Refer to Note 8, *Financial Instruments and Fair Value Measurements* for further information on the three-tier fair value hierarchy.

19. Accumulated Other Comprehensive Loss

Following is a summary of the changes in the accumulated balances for each component of accumulated other comprehensive loss, which is presented net of tax, for the year ended December 31, 2015 and 2014:

	Defined Benefit Pension Items	Unrealized Gains and (Losses) on Available-for-Sale Securities	Total
Accumulated other comprehensive loss at December 31, 2014	$ —	$ (1,325)	$ (1,325)
Other comprehensive income before reclassifications	—	3,428	3,428
Amounts reclassified from accumulated other comprehensive loss	—	(2,789)	(2,789)
Net current year other comprehensive income	—	639	639
Accumulated other comprehensive loss at December 31, 2015	$ —	$ (686)	$ (686)

	Defined Benefit Pension Items	Unrealized Gains and (Losses) on Available-for-Sale Securities	Total
Accumulated other comprehensive loss at December 31, 2013	$ (5,392)	$ (2,125)	$ (7,517)
Other comprehensive loss before reclassifications	(2,180)	(509)	(2,689)
Amounts reclassified from accumulated other comprehensive loss	7,572	1,309	8,881
Net current year other comprehensive income	5,392	800	6,192
Accumulated other comprehensive loss at December 31, 2014	$ —	$ (1,325)	$ (1,325)

The following is a summary of the tax effects allocated to each component of other comprehensive income for the year ended December 31, 2015:

	Year Ended December 31, 2015		
	Before-Tax Amount	Tax Benefit or (Expense)	Net-of-Tax Amount
Unrealized gains on debt securities:			
Unrealized gains on available-for-sale investments	$ 5,650	$ (2,222)	$ 3,428
Less: reclassification adjustment for gains included in earnings	(5,311)	2,522	(2,789)
Net unrealized gains	339	300	639
Other comprehensive income	$ 339	$ 300	$ 639

The following is a summary of the tax effects allocated to each component of other comprehensive income for the year ended December 31, 2014:

	Year Ended December 31, 2014		
	Before-Tax Amount	Tax Benefit or (Expense)	Net-of-Tax Amount
Unrealized gains on debt securities:			
Unrealized losses on available-for-sale investments	$ (1,455)	$ 947	$ (508)
Less: reclassification adjustment for other-than-temporary impairment losses included in earnings	1,295	(499)	796
Less: reclassification adjustment for losses included in earnings	833	(321)	512
Net unrealized gains	673	127	800
Defined benefit pension plan:			
Settlement included in net periodic cost	7,107	—	7,107
Less: amortization of loss included in net periodic pension cost	465	—	465
Net periodic pension cost arising during period	7,572	—	7,572
Net loss arising during period	(2,180)	—	(2,180)
Defined benefit pension plan, net	5,392	—	5,392
Other comprehensive income	$ 6,065	$ 127	$ 6,192

20. Segment Information

The Company currently conducts primarily all of its business in the following five operating segments: 1) residential real estate, 2) commercial real estate, 3) resorts and leisure, 4) leasing operations and 5) forestry. In prior periods, the Company's reportable operating segments were 1) residential real estate, 2) commercial real estate, 3) resorts, leisure and leasing operations and 4) forestry. The Company's leasing operations segment currently meets the quantitative and qualitative factors as a reportable operating segment; therefore, the Company has changed its segment presentation to include leasing operations as an operating segment. Leasing operations were historically included with the Company's resorts, leisure and leasing operating segment. All prior year segment information has been reclassified to conform to the 2015 presentation. The change in reporting segments had no effect on the Consolidated Balance Sheets, Statements of Operations, Statements of Comprehensive (Loss) Income or Statements of Cash Flows for the periods presented.

The residential real estate segment generates revenues from the development and sale of homes and homesites and the sale of parcels of entitled, undeveloped lots. The commercial real estate segment sells undeveloped or developed land and commercial operating property. The resorts and leisure segment generates revenues and costs from the WaterColor Inn and Resort, vacation rental programs, management of The Pearl Hotel, four golf courses, marina operations and other related resort activities. The leasing segment generates revenues from retail and commercial leasing operations, including the Company's consolidated joint venture at Pier Park North. The forestry segment produces and sells woodfiber, sawtimber and other forest products and may sell the Company's timber or rural land holdings.

The Company's reportable segments are strategic business units that offer different products and services. They are each managed separately and decisions about allocations of resources are determined by management based on these strategic business units.

The Company uses income from operations before equity in (loss) income from unconsolidated affiliates, income taxes and non-controlling interest for purposes of making decisions about allocating resources to each segment and assessing each segment's performance, which the Company believes represents current performance measures.

The accounting policies of the segments are the same as those described herein and in the Company's Form 10-K. Total revenues represent sales to unaffiliated customers, as reported in the Company's Consolidated Statements of Operations. All intercompany transactions have been eliminated.

Information by business segment is as follows:

	2015	2014	2013
OPERATING REVENUES:			
Residential real estate [a]	$ 21,203	$ 61,444	$ 33,735
Commercial real estate	7,160	3,265	10,881
Resorts and leisure	54,488	48,414	46,424
Leasing operations	8,978	6,977	4,306
Forestry [b]	12,042	581,442	35,450
Other	—	331	460
Consolidated operating revenues	$ 103,871	$ 701,873	$ 131,256
DEPRECIATION, DEPLETION AND AMORTIZATION:			
Residential real estate	$ 544	$ 662	$ 863
Resorts and leisure	5,096	4,143	4,211
Leasing operations	3,118	2,685	2,126
Forestry	581	729	1,775
Other reportable segments	147	203	156
Consolidated depreciation, depletion and amortization	$ 9,486	$ 8,422	$ 9,131
INVESTMENT INCOME, NET			
Residential real estate and other	$ 571	$ 994	$ 113
Corporate [c]	22,117	11,697	1,385
Consolidated investment income, net	$ 22,688	$ 12,691	$ 1,498
INTEREST EXPENSE			
Residential real estate	$ (1,174)	$ (1,316)	$ (1,999)
Commercial and other	(1,489)	(696)	(41)
Corporate [d]	(8,766)	(6,596)	—
Consolidated interest expense	$ (11,429)	$ (8,608)	$ (2,040)
(LOSS) INCOME BEFORE EQUITY IN LOSS FROM UNCONSOLDIATED AFFILIATES AND INCOME TAXES:			
Residential real estate [a][e]	$ (821)	$ 24,854	$ 4,087
Commercial real estate	126	(163)	3,298
Resorts and leisure [f]	1,819	1,559	(1,561)
Leasing operations	676	1,165	324
Forestry [b]	10,259	517,087	13,406
Corporate [c][d][g]	(13,222)	(22,681)	(15,109)
Consolidated (loss) income before equity in loss from unconsolidated affiliates and income taxes	$ (1,163)	$ 521,821	$ 4,445

	2015	2014	2013
CAPITAL EXPENDITURES:			
Residential real estate	$ 4,923	$ 4,981	$ 12,284
Commercial real estate	2,165	854	2,388
Resorts and leisure	2,526	2,198	3,517
Leasing operations	5,849	22,600	19,969
Forestry	1,366	1,537	3,678
Other	636	271	224
Total capital expenditures	$ 17,465	$ 32,441	$ 42,060

	December 31, 2015	December 31, 2014
TOTAL ASSETS:		
Residential real estate	$ 109,791	$ 135,317
Commercial real estate	62,649	62,931
Resorts and leisure	75,441	79,021
Leasing operations	82,120	74,800
Forestry	20,244	20,521
Other	634,568	930,545
Total assets	$ 984,813	$ 1,303,135

(a) Includes revenues of $43.6 million from the RiverTown Sale in 2014.

(b) Includes revenues of $570.9 million from the AgReserves Sale in 2014.

(c) Includes interest income of $8.2 million and $6.1 million from investments in special purpose entities in 2015 and 2014, respectively.

(d) Includes interest expense of $8.8 million and $6.6 million from Senior Note issued by a special purpose entity in 2015 and 2014, respectively.

(e) Includes impairment losses of $0.2 million in 2013.

(f) Includes impairment losses of $4.9 million in 2013.

(g) Includes pension charges of $13.5 million and $1.5 million in 2014 and 2013, respectively.

21. Commitments and Contingencies

The Company establishes an accrued liability when it is both probable that a loss has been incurred and the amount of the loss can be reasonably estimated. The Company will evaluate the range of reasonably estimated losses and record an accrued liability based on the minimum amount in the range, unless an amount within the range is a better estimate than any other amount. In such cases, there may be an exposure to loss in excess of the amounts accrued. The Company evaluates quarterly whether further developments could affect the amount of the accrued liability previously established or would make a loss contingency both probable and reasonably estimable.

The Company also provides disclosure when it is reasonably possible that a loss will be incurred or when it is reasonably possible that the amount of a loss will exceed the recorded liability. The Company reviews loss contingencies at least quarterly to determine whether the likelihood of loss has changed and to assess whether a reasonable estimate of the loss or range of loss can be made. This estimated range of possible loss is based upon currently available information and is subject to significant judgment and a variety of assumptions, and known and unknown uncertainties. The matters underlying the estimated range will change from time to time, and actual results may vary significantly from the current estimate.

The Company is subject to a variety of litigation, claims, other disputes and governmental proceedings that arise from time to time in the ordinary course of its business. The Company cannot assure that it will be successful in defending these matters. Based on current knowledge, the Company does not believe that loss contingencies arising from pending litigation, claims other disputes and governmental proceedings, including those described herein, will have a material adverse effect on the consolidated financial condition or liquidity of the Company. However, in light of the inherent uncertainties involved in these matters, an adverse outcome in one or more of these matters could be material to the Company's results of operations or cash flows for any particular reporting period.

On January 4, 2011 the Company received notice from the Staff (the "Staff") of the SEC of the initiation of an inquiry into the Company's policies and practices concerning impairment of investment in real estate assets. In January 2015, the Company received a Wells Notice from the Staff related to historical accounting and disclosure practices and real estate asset valuations principally as reflected in the Company's financial results for 2010, 2009 and prior periods. In June 2015, the Company established a reserve of $3.5 million for penalties, disgorgements and interest relating to the SEC investigation. On October 27, 2015, the Company fully resolved the SEC investigation and entered into a settlement with the SEC. Without admitting or denying any factual allegations, the Company consented to the SEC's issuance of an administrative order pursuant to which the Company agreed to pay penalties, disgorgements and interest of approximately $3.5 million, including a civil penalty assessed on the Company of $2.75 million and other disgorgements and interest subject to indemnification by the Company.

The Company is subject to costs arising out of environmental laws and regulations, which include obligations to remove or limit the effects on the environment of the disposal or release of certain wastes or substances at various sites, including sites which have been previously sold. It is the Company's policy to accrue and charge against earnings environmental cleanup costs when it is probable that a liability has been incurred or range of loss can be reasonably estimated. As assessments and cleanups proceed, these accruals are reviewed and adjusted, if necessary, as additional information becomes available.

The Company's former paper mill site in Gulf County and certain adjacent properties are subject to various Consent Agreements and Brownfield Site Rehabilitation Agreements with the Florida Department of Environmental Protection. The paper mill site has been rehabilitated by Smurfit-Stone Container Corporation in accordance with these agreements and a final Site Rehabilitation Completion Order (SRCO) issued by the Florida Department of Environmental Protection (FDEP) has been received. The Company is in the process of assessing certain neighboring properties. Management is unable to quantify future rehabilitation costs above present accruals at this time or provide a reasonably estimated range of loss.

Other litigation, claims, other disputes and governmental proceedings, including environmental matters, are pending against the Company. Accrued aggregate liabilities related to the matters described above and other litigation matters were $2.5 million, including the $1.2 million accrual related to the SEC investigation discussed above, and $1.4 million at December 31, 2015 and 2014, respectively. Although the final resolution of the environmental litigation matters or governmental proceedings is not expected to have a material effect on the Company's consolidated financial condition, it is possible that any final outcome could have a material impact on the results of operations or cash flows of the Company.

The Company has retained certain self-insurance risks with respect to losses for third party liability and property damage, including our timber assets.

At December 31, 2015 and 2014, the Company was required to provide surety bonds that guarantee completion of certain infrastructure in certain development projects and mitigation banks of $7.1 million and $8.3 million, respectively and standby letters of credit in the amount of $0.5 million, which may potentially result in liability to the Company if certain obligations of the Company are not met.

At December 31, 2015, the Company has a total of $1.4 million in purchase obligations, of which $0.7 million are for 2016, $0.2 million are for 2017 and $0.5 million are for 2018.

In connection with the Refinanced Loan, the Company guaranteed the joint venture's obligations under a short term $6.62 million letter of credit which is securing a portion of the joint venture's obligations under the Refinanced Loan. See Note 9, *Real Estate Joint Ventures* for a further discussion or the Refinanced Loan.

As part of the AgReserves Sale and certain sales of timberlands in 2007 and 2008, the Company generated significant tax gains. The installment notes structure allowed the Company to defer the resulting tax liability of $61.8 million until 2022 - 2024 and $69.3 million until 2029, respectively, the maturity dates for the installment notes. The Company has a deferred tax liability related to the gains in connection with these sales.

22. Quarterly Financial Data (unaudited)

	Quarters Ended			
	December 31	September 30	June 30	March 31
2015				
Operating revenues	$ 21,104	$ 27,830	$ 37,846	$ 17,091
Operating (loss) income	$ (3,861)	$ (2,383)	$ 5,811	$ (5,702)
Net (loss) income attributable to the Company	$ (2,541)	$ 2,772	$ (224)	$ (1,738)
Basic and diluted (loss) income per share attributable to the Company	$ (0.03)	$ 0.03	$ —	$ (0.02)
2014				
Operating revenues	$ 15,676	$ 23,947	$ 68,164	$ 594,086
Operating (loss) income	$ (15,946)	$ (1,335)	$ 21,038	$ 509,493
Net (loss) income attributable to the Company	$ (11,101)	$ (50)	$ 14,609	$ 402,995
Basic and diluted (loss) income per share attributable to the Company	$ (0.12)	$ —	$ 0.16	$ 4.36

THE ST. JOE COMPANY
SCHEDULE III (CONSOLIDATED) - REAL ESTATE AND ACCUMULATED DEPRECIATION
DECEMBER 31, 2015
(in thousands)

		Initial Cost to Company			Gross Amount at December 31, 2015					
Description	Encumbrances	Land & Improvements	Buildings & Improvements	Costs Capitalized Subsequent to Acquisition or Construction (1)	Land & Land Improvements	Buildings and Improvements	Total	Accumulated Depreciation	Date of Construction or Acquisition	Depreciation Life (In Years)
Residential development	$ 3,016	$ 43,153	$ —	$ 56,260	$ 99,413	$ —	$ 99,413	$ —	n/a	n/a
Commercial development	3,944	47,745	—	9,202	56,947	—	56,947	42	n/a	n/a
Resorts and leisure										
WaterColor Inn	—	1,202	14,000	5,497	1,558	19,140	20,698	7,558	2002	10 - 40
Clubs and golf courses	—	38,447	24,053	(4,058)	34,863	23,579	58,442	24,868	2001 - 2007	10 - 25
Marinas	—	6,252	9,619	261	6,469	9,663	16,132	3,993	2006 - 2007	10 - 25
Other	—	—	32,925	(18,772)	—	14,154	14,154	6,246	2008 - 2009	10 - 30
Commercial leasing										
Pier Park North	48,200	2,641	—	45,807	13,632	34,816	48,448	2,581	2014 - 2015	15 - 40
Towncenters	—	777	30,904	(12,166)	784	18,731	19,515	12,752	2001 - 2008	10 - 25
VentureCrossings	—	1,566	7,899	—	1,566	7,899	9,465	—	2012	10 - 25
Other	34	7,999	8,862	(7,176)	7,129	2,596	9,725	3,983	through 2011	10 - 25
Timberlands	—	6,494	1,872	10,976	7,201	12,142	19,343	2,046	n/a	n/a
Unimproved land	—	—	—	5,386	5,386	—	5,386	—	n/a	n/a
Total	$ 55,194	$ 156,276	$ 130,134	$ 91,217	$ 234,948	$ 142,720	$ 377,668	$ 64,069		

(1) Includes cumulative impairments.

Notes:

(A) The aggregate cost of real estate owned at December 31, 2015 for federal income tax purposes is approximately $535 million.

(B) Reconciliation of real estate owned (in thousands of dollars):

	2015	2014	2013
Balance at beginning of the year	$ 379,944	$ 436,264	$ 418,197
Amounts capitalized	13,372	26,047	44,795
Impairments	—	—	(5,080)
Cost of real estate sold	(14,584)	(76,060)	(22,022)
Amounts retired or adjusted	(1,064)	(6,307)	374
Balance at the end of the year	$ 377,668	$ 379,944	$ 436,264

(C) Reconciliation of accumulated depreciation (in thousands of dollars):

	2015	2014	2013
Balance at beginning of the year	$ 58,132	$ 53,496	$ 49,772
Depreciation expense	6,689	6,170	6,547
Amounts retired or adjusted	(752)	(1,534)	(2,823)
Balance at the end of the year	$ 64,069	$ 58,132	$ 53,496

THE ST. JOE COMPANY
SCHEDULE IV (CONSOLIDATED) - MORTAGE LOANS ON REAL ESTATE
DECEMBER 31, 2015
(in thousands)

Description	Interest Rate	Final Maturity Date	Periodic Payment Terms	Prior Liens	Carrying Amount of Mortgages	Principal Amount of Loans Subject to Delinquent Principal or Interest
Seller financing	4%	August 2016	P&I (a)	—	$ 90	—
Various other seller financing	4.80% to 7.81%	October 2016 through November 2023	P&I (b)	—	480	—
Total (c)					$ 570	

(a) Principal is paid at the closing of each lot together with interest applicable to each lot. On the maturity date, all outstanding principal, all accrued interest and any other customary charges shall be due and payable in full.

(b) Principal and interest is paid monthly.

(c) The aggregate cost for federal income tax purposes approximates the amount of unpaid principal.

The summarized changes in the carrying amount of mortgage loans are as follows:

	2015	2014	2013
Balance at beginning of the year	$ 22,122	$ 5,354	$ 1,158
Additions during the year - new mortgage loans	—	19,600	5,854
Deductions during the year:			
Collections of principal	21,552	2,832	1,363
Foreclosures	—	—	295
Balance at the end of the year	$ 570	$ 22,122	$ 5,354

Exhibit 10.22a

THE ST. JOE COMPANY
2015 PERFORMANCE AND EQUITY INCENTIVE PLAN

1. Establishment, Effective Date and Term. The St. Joe Company, a Florida corporation (the "Company"), hereby establishes the "The St. Joe Company 2015 Performance and Equity Incentive Plan" (the "Plan"). Subject to ratification within twelve (12) months by an affirmative vote of a majority of the Company's shareholders, either in person or by proxy, present and entitled to vote at the Annual Meeting, the effective date of the Plan shall be June 30, 2015 (the "Effective Date). Unless earlier terminated pursuant to Section 25 hereof, the Plan shall terminate on the tenth anniversary of the Effective Date.

2. Purpose. The purpose of the Plan is to promote the interests of the Company, its Subsidiaries and its shareholders by (i) attracting and retaining officers, employees and directors of, and consultants to, the Company and its Subsidiaries and Affiliates; (ii) motivating such individuals by means of performance-related incentives to achieve long-range performance goals; (iii) enabling such individuals to participate in the long-term growth and financial success of the Company; (iv) encouraging ownership of stock in the Company by such individuals; and (v) linking their compensation to the long-term interests of the Company and its shareholders. With respect to any awards granted under the Plan that are intended to comply with the requirements of "performance-based compensation" under Section 162(m) of the Code, the Plan shall be interpreted in a manner consistent with such requirements.

3. Definitions.

Whenever used in the Plan, the following terms shall have the meanings set forth below:

"Affiliate" means any entity that is directly or indirectly controlled by the Company or any entity in which the Company has a significant ownership interest as determined by the Committee provided that the entity is one with respect to which the Common Stock will qualify as "service recipient stock" under Code Section 409A.

"Applicable Laws" shall mean the requirements relating to the administration of stock option plans under U.S. federal and state laws, any stock exchange or quotation system on which the Company has listed or submitted for quotation the Common Stock to the extent provided under the terms of the Company's agreement with such exchange or quotation system and, with respect to Awards subject to the laws of any foreign jurisdiction where Awards are, or will be, granted under the Plan, the laws of such jurisdiction.

"Appreciation Date" shall mean the date designated by a holder of Stock Appreciation Rights for measurement of the appreciation in the value of rights awarded to him, which date shall be the date notice of such designation is received by the Committee, or its designee.

"Award" shall mean any Option, Restricted Stock Award, Restricted Stock Unit, Stock Appreciation Right, Stock Bonus, Performance Award, Other Stock-Based Award or other award granted under the Plan, whether singly, in combination or in tandem, to a Participant by the Committee pursuant to such terms, conditions, restrictions and/or limitations, if any, as the Committee may establish or which are required by applicable legal requirements.

"Award Agreement" shall mean an agreement, contract or other instrument or document evidencing the terms and conditions of an individual Award, which may be in written or electronic format, in such form and with such terms as may be specified by the Committee. Each Award Agreement is subject to the terms and conditions of the Plan. An Award Agreement may be in the form of either (i) an agreement to be either executed by both the Participant and the Company or offered and accepted electronically as the

Committee shall determine or (ii) certificates, notices or similar instruments as approved by the Committee.

“Beneficial Ownership” (including correlative terms) shall have the meaning given such term in Rule 13d-3 promulgated under the Exchange Act.

“Board” shall mean the Board of Directors of the Company.

“Cause” shall mean, unless otherwise defined in the applicable Award Agreement, (i) failure or refusal of the Participant to perform the duties and responsibilities that the Company requires to be performed by him or her, (ii) gross negligence or willful misconduct by the Participant in the performance of his or her duties, (iii) commission by the Participant of an act of dishonesty affecting the Company, or the commission of an act constituting common law fraud or a felony, (iv) the Participant’s commission of an act (other than the good faith exercise of his or her business judgment in the exercise of his or her responsibilities) resulting in material damages to the Company or (v) the Participant’s material violation of the Company’s Code of Business Conduct and Ethics, Insider Trading Policy or other similar policy governing the ethical behavior of Company employees or directors; *provided, however*, that if the Participant and the Company have entered into an employment agreement which defines “cause” for purposes of such agreement, “cause” shall be defined in accordance with such agreement. The Committee, in its sole and absolute discretion, shall determine whether a termination of employment or service is for Cause.

“Change in Control” shall mean the occurrence, in a single transaction or in a series of related transactions, of any one or more of the following events:

(i) any person or related group of persons (other than the Company or a person that, prior to such transaction, directly or indirectly controls, is controlled by, or is under common control with, the Company) directly or indirectly acquires Beneficial Ownership of securities possessing more than fifty percent (50%) of the total combined voting power of the Company’s outstanding securities unless such acquisition is approved by the majority of the Board members in office immediately preceding such acquisition;

(ii) there is a change in the composition of the Board over a period of twenty four (24) consecutive months (or less) such that a majority of the Board members (rounded up to the nearest whole number) ceases to be comprised of individuals who either (i) have been Board members continuously since the beginning of such period or (ii) have been elected or nominated for election as Board members during such period by at least a majority of the Board members described in clause (i) who were (x) still in office at the time such election or nomination was approved by the Board and (y) not initially (a) appointed or elected to office as a result of either an actual or threatened election and/or proxy contest by or on behalf of a Person other than the Board, or (b) designated by a Person who has entered into an agreement with the Company to effect a transaction described in (i) above or (iii) or (iv) below;

(iii) the consummation of a merger or consolidation of the Company with any other corporation (or other entity), other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than 50% of the combined voting power of the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation; *provided, however*, that a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no person acquires more than 25% of the combined voting power of the Company’s then outstanding securities shall not constitute a Change in Control;

(iv) the consummation of a sale, lease, license or other disposition of all or substantially all of the consolidated assets of the Company and its Subsidiaries, other than a sale, lease, license or other disposition of all or substantially all of the consolidated assets of the Company and its Subsidiaries to an entity, more than fifty percent (50%) of the combined voting power of which are owned by shareholders of the Company in substantially the same proportions as their ownership of the outstanding voting securities of the Company immediately prior to such sale, lease, license or other disposition; or

(v) the complete liquidation of the Company or the sale or disposition by the Company of all or substantially all of the Company's assets.

The term "Change in Control" shall not include a sale of assets, merger or other transaction effected exclusively for the purpose of changing the domicile of the Company.

"Code" shall mean the Internal Revenue Code of 1986, as amended.

"Committee" shall mean the Compensation Committee or any other committee appointed by the Board to administer the Plan pursuant to Section 5 of the Plan. However, with respect to grants made to Independent Directors, the Committee shall mean the Board. In its absolute discretion, the Board may at any time and from time to time exercise any and all rights of the Committee under this Plan, except with respect to matters which under Rule 16b-3 of the Exchange Act or Section 162(m) of the Code or any regulations or rules issued thereunder are required to be determined in the sole discretion of the Committee.

"Common Stock" shall mean the Common Stock of the Company, no par value.

"Compensation Committee" shall mean the Compensation Committee of the Board, which shall consist of three or more Independent Directors, each of whom shall be both a "non-employee director" as defined by Rule 16b-3 of the Exchange Act and an "outside director" for purposes of Section 162(m) of the Code.

"Covered Employee" shall have the meaning set forth in Section 162(m)(3) of the Code.

"Disability" shall mean "permanent and total disability" within the meaning of Section 22(e)(3) of the Code.

"Eligible Individual" shall mean any person who is either: (i) an officer (whether or not a director) or employee of the Company or one of its Subsidiaries or Affiliates; (ii) a director of the Company or one of its Subsidiaries; or (iii) an individual consultant or advisor who renders or has rendered bona fide services to the Company or one of its Subsidiaries or Affiliates and who is selected to participate in this Plan by the Committee; *provided, however*, that a person who is otherwise an Eligible Individual under clause (iii) above may participate in this Plan only if such participation would not adversely affect either the Company's eligibility to use Form S-8 to register under the Securities Act, the offering and sale of shares issuable under this Plan by the Company or the Company's compliance with any other Applicable Laws.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

“Fair Market Value” means, as of any date, unless otherwise determined or provided by the Committee in the circumstances, (i) the closing sales price of a share of Common Stock as furnished by the New York Stock Exchange (“NYSE”) or other principal stock exchange on which the Company’s Common Stock is then listed for the trading date preceding the date in question or (ii) if no sales of Common Stock were reported by the NYSE or other such exchange on that date, the closing sales price for a share of Common Stock as furnished by the NYSE or other such exchange for the next preceding day on which sales of shares of Common Stock were reported by the NYSE. If the Common Stock is no longer listed or is no longer actively traded on the NYSE or listed on a principal stock exchange as of the applicable date, the Fair Market Value of a share of Common Stock shall be the value as reasonably determined by the Committee for purposes of the award in the circumstances.

“Grant Date” shall mean the date upon which an Award is granted to a Participant pursuant to this Plan or such later date as specified in advance by the Committee.

“Incentive Stock Option” shall mean an Option which is an “incentive stock option” within the meaning of Section 422 of the Code and which is identified as an Incentive Stock Option in the applicable Award Agreement.

“Independent Director” shall mean a member of the Board who is a “non-employee director,” as defined in Rule 16b-3 of the Exchange Act.

“Insider Trading Policy” shall mean the Company’s Insider Trading Policy, as may be amended from time to time.

“Issue Date” shall mean the date established by the Committee on which certificates representing shares of Common Stock shall be issued by the Company.

“Non-qualified Stock Option” shall mean an Option that is not intended to meet the requirements of Section 422 of the Code.

“Option” shall mean any stock option granted pursuant to Section 7 of the Plan.

“Other Stock-Based Award” shall mean an Award granted pursuant to Section 13 of the Plan.

“Participant” shall mean any Eligible Individual with an outstanding Award.

“Performance Award” shall mean any Award granted under Section 12 of the Plan. For purposes of the share counting provisions of Section 4.1 hereof, a Performance Award that is not settled in cash shall be treated as (i) an Option Award if the amounts payable thereunder will be determined by reference to the appreciation of a Share, and (ii) a Restricted Share Award if the amounts payable thereunder will be determined by reference to the full value of a Share.

“Performance Period” shall mean a period of time within which Qualifying Performance Criteria is measured for the purpose of determining whether an Award subject to performance restrictions has been earned.

“Person” shall mean any person, corporation, partnership, joint venture or other entity or any group (as such term is defined for purposes of Section 13(d) of the Exchange Act), other than a parent or subsidiary of the Company.

“Prior Plan” means the Company’s 2009 Equity Incentive Plan

“Qualifying Performance Criteria” shall have the meaning set forth in Section 12.4 of the Plan.

“Reorganization” shall be deemed to occur if an entity is a party to a merger, consolidation, reorganization, or other business combination with one or more entities in which said entity is not the surviving entity, if such entity disposes of substantially all of its assets, or if such entity is a party to a spin–off, split–off, split–up or similar transaction; *provided, however*, that the transaction shall not be a Reorganization if the Company or any subsidiary of the Company is the surviving entity.

“Restricted Stock Award” shall mean Awards granted pursuant to Section 8 of the Plan.

“Restricted Stock Unit” or “RSU” shall mean Awards granted pursuant to Section 9 of the Plan.

“Restriction Period” shall mean the period during which applicable restrictions apply to a Restricted Stock Award or Restricted Stock Units.

“Section 424 Employee” shall mean an employee of the Company or any “subsidiary corporation” or “parent corporation” as defined in and in accordance with Code Section 424. Such term shall also include employees of a corporation issuing or assuming a stock option in a transaction to which Code Section 424(a) applies.

“Share” shall mean a share of Common Stock, as adjusted in accordance with Section 16.1 of the Plan.

“Stock Appreciation Right” or “SAR” shall mean an Award granted pursuant to Section 10 of the Plan.

“Stock Bonus” shall mean an Award granted pursuant to Section 11 of the Plan.

“Stock Ownership Guidelines” shall mean the stock ownership guidelines adopted by the Board from time to time.

“Subsidiary” shall mean any Person (other than the Company) of which a majority of its voting power or its equity securities or equity interest is owned directly or indirectly by the Company.

“Substitute Awards” shall mean Awards granted solely in assumption of, or in substitution for, outstanding awards previously granted by a company acquired by the Company or with which the Company combines.

“Vesting Date” shall mean the date established by the Committee on which an award, such as a share of a Restricted Stock Award, may vest.

4. Common Stock Subject to the Plan.

4.1 Aggregate Limits. Subject to the provisions of Section 16 of the Plan, the aggregate number of Shares subject to Awards granted under the Plan is 1,500,000 Shares and includes any shares of Common Stock that remain available for issuance, as of the Effective Date, under the Prior Plan (the “Share Limit”); *provided, however*, that the aggregate number of shares that may be issued pursuant to Restricted Stock Awards, Restricted Stock Unit Awards, Stock Bonus Awards, Performance Awards, The Shares subject to the Plan may be either Shares reacquired by the Company, including Shares purchased in the open market, or authorized but unissued Shares.

4.2 Issuance of Shares. For purposes of Section 4.1, the aggregate number of Shares issued under the Plan at any time shall equal only the number of Shares actually issued upon exercise or settlement of an Award. If any Shares subject to an Award granted under the Plan are forfeited or such Award is settled in cash or otherwise terminates without the delivery of such Shares, the Shares subject to such Award, to the extent of any such forfeiture, settlement or termination, shall again be available for grant under the Plan. Notwithstanding the foregoing, Shares subject to an Award under the Plan may not again be made available for issuance under the Plan if such Shares are: (i) Shares delivered to or withheld by the Company to pay the exercise price of an Option, (ii) Shares delivered to or withheld by the Company to pay the withholding taxes related to an Award, or (iii) Shares repurchased by the Company on the open market with the proceeds of an Award paid to the Company by or on behalf of the Participant. With respect to Stock Appreciation Rights, if the payment upon exercise of a SAR is in the form of Shares, the Shares subject to the SAR shall be counted against the available Shares as one Share for every Share subject to the SAR, regardless of the number of Shares used to settle the SAR upon exercise.

4.3 Code Section 162(m) and 422 Limits. Subject to the provisions of Section 16 of the Plan, the aggregate number of Shares subject to Awards granted under this Plan during any calendar year to any one Participant shall not exceed 450,000. Subject to the provisions of Section 16 of the Plan, the aggregate number of Shares that may be subject to all Incentive Stock Options granted under the Plan is 1,500,000 Shares. Notwithstanding anything to the contrary in the Plan, the limitations set forth in this Section 4.3 shall be subject to adjustment under Section 16 of the Plan only to the extent that such adjustment will not affect the status of any Award intended to qualify as “performance based compensation” under Code Section 162(m) or the ability to grant or the qualification of Incentive Stock Options under the Plan.

4.4 Reservation of Shares; No Fractional Shares; Minimum Issue. The Company shall at all times reserve a number of Shares sufficient to cover the Company’s obligations and contingent obligations to deliver shares with respect to awards then outstanding under this Plan (exclusive of any dividend equivalent obligations to the extent the Company has the right to settle such rights in cash). No fractional shares shall be delivered under this Plan. The Committee may pay cash in lieu of any fractional shares in settlements of awards under this Plan.

5. Administration.

5.1 Authority of Committee. The Plan shall be administered, construed and interpreted by the Committee, which shall be appointed by and serve at the pleasure of the Board; *provided, however*, with respect to Awards to Independent Directors, all references in the Plan to the Committee shall be deemed to be references to the Board. Subject to the terms of the Plan and Applicable Laws, and in addition to other express powers and authorizations conferred on the Committee by the Plan, the Committee shall have full power and authority in its discretion to:

(i) designate Participants, determine eligibility for participation in the Plan and decide all questions concerning eligibility for, and the amount of, Awards under the Plan;

(ii) determine the type or types of Awards to be granted to a Participant;

(iii) determine the number of Shares to be covered by, or with respect to which payments, rights or other matters are to be calculated in connection with Awards;

(iv) determine the timing, terms, and conditions of any Award;

(v) accelerate the time at which all or any part of an Award may be settled or exercised;

(vi) determine whether, to what extent, and under what circumstances, Awards may be settled or exercised in cash, Shares, other securities, other Awards or other property, or canceled, forfeited or suspended and the method or methods by which Awards may be settled, exercised, canceled, forfeited or suspended;

(vii) determine whether, to what extent, and under what circumstances cash, Shares, other securities, other Awards, other property, and other amounts payable with respect to an Award shall be deferred either automatically or at the election of the holder thereof or of the Committee;

(viii) grant Awards as an alternative to, or as the form of payment for, grants or rights earned or payable under, other bonus or compensation plans, arrangements or policies of the Company or a Subsidiary or Affiliate;

(ix) make all determinations under the Plan concerning the termination of any Participant's employment or service with the Company or a Subsidiary or Affiliate, including whether such termination occurs by reason of Cause, Disability, death, or in connection with a Change in Control and whether a leave constitutes a termination of employment;

(x) interpret and administer the Plan and any instrument or Award Agreement relating to, or Award made under, the Plan;

(xi) except to the extent prohibited by Section 25.4, amend or modify the terms of any Award at or after grant with the consent of the holder of the Award;

(xii) establish, amend, suspend or waive such rules and regulations and appoint such agents as it shall deem appropriate for the proper administration of the Plan; and

(xiii) make any other determination and take any other action that the Committee deems necessary or desirable for the administration of the Plan, subject to the exclusive authority of the Board under this Section 5 to amend or terminate the Plan.

5.2 Delegation of Authority.

(i) *Delegation With Respect to Awards*. Subject to the terms of the Plan, the Committee's charter and Applicable Law, the Committee may, but need not, delegate from time to time some or all of its authority under the Plan to a committee consisting of one or more members of the Committee to (i) grant Awards, (ii) to cancel, modify or waive rights with respect to Awards, or (iii) to alter, discontinue, suspend or terminate Awards held by Participants; *provided, however*, that the Committee may not delegate its authority to take any action with respect to any Awards held by, or to be granted to, any individual (i) who is subject on the date of the grant to the reporting rules under Section 16(a) of the Exchange Act or (ii) who is a Section 162(m) Participant. Any delegation hereunder shall be subject to the restrictions and limits that the Committee specifies at the time of such delegation of authority and may be rescinded at any time by the Committee. At all times, any committee appointed under this Section 5.2 shall serve in such capacity at the pleasure of the Committee.

(ii) *Delegation of Ministerial Functions*. The Committee may delegate ministerial, non-discretionary functions to individuals who are officers or employees of the Company or any of its Subsidiaries or to third parties.

5.3 Committee Discretion Binding. Unless otherwise expressly provided in the Plan, all designations, determinations, interpretations, and other decisions under or with respect to the Plan or any Award shall be within the sole discretion of the Committee, may be made at any time and shall be final, conclusive, and binding upon all Persons, including the Company, any Subsidiary or Affiliate, any Participant and any holder or beneficiary of any Award. A Participant or other holder of an Award may contest a decision or action by the Committee with respect to such person or Award only on the grounds that such decision or action was arbitrary or capricious or was unlawful, and any review of such decision or action shall be limited to determining whether the Committee's decision or action was arbitrary or capricious or was unlawful.

5.4 Reliance on Experts. In making any determination or in taking or not taking any action under this Plan, the Board or a committee, as the case may be, may obtain and may rely upon the advice of experts, including employees and professional advisors to the Company. No director, officer or agent of the Company or any of its Subsidiaries shall be liable for any such action or determination taken or made or omitted in good faith.

5.5 No Liability. No member of the Committee shall be liable for any action or determination made in good faith with respect to the Plan, any Award granted or any Award Agreement entered into hereunder.

6. Eligibility. The Committee may grant awards under this Plan only to those persons that the Committee determines to be Eligible Individuals. An Eligible Individual who has been granted an award, if otherwise eligible, may be granted additional awards if the Committee shall so determine.

7. Options.

7.1 Types of Options. Each Option granted under the Plan may be designated by the Committee, in its sole discretion, either as (i) an Incentive Stock Option or (ii) as a Non-qualified Stock Option. Options designated as Incentive Stock Options that fail to continue to meet the requirements of Section 422 of the Code shall be re-designated as Non-qualified Stock Options automatically on the date of such failure to continue to meet such requirements without further action by the Committee. In the absence of any designation, Options granted under the Plan will be deemed to be Incentive Stock Options to the extent that such Options meet the requirements of Section 422 of the Code.

7.2 Grant of Options. Subject to the terms and conditions of the Plan, the Committee may, at any time and from time to time, prior to the date of termination of the Plan, grant to such Eligible Individuals as the Committee may determine, Options to purchase such number of shares of Common Stock on such terms and conditions as the Committee may determine. The date on which the Committee approves the grant of an Option (or such later date as is specified by the Committee) shall be considered the Grant Date. All Options granted pursuant to the Plan shall be evidenced by an Award Agreement in such form or forms as the Committee shall determine. Award Agreements may contain different provisions, provided, however, that all such Award Agreements shall comply with all terms of the Plan.

7.3 Limitation on Incentive Stock Options.

7.3.1 *Section 424 Employees*. Incentive Stock Options may only be granted to Section 424 Employees. Subject to the terms and conditions of this Plan and the Award Agreement (including all vesting provisions and option periods), any and all Incentive Stock Options which an employee fails to exercise within ninety (90) days after the date said employee ceases to be a Section 424 Employee shall automatically be classified as Non-qualified Stock Options to the extent that said Options have not otherwise been terminated.

7.3.2 *Ten Percent Shareholder*. Notwithstanding any other provision of this Plan to the contrary, no individual may receive an Incentive Stock Option under the Plan if such individual, at the time the award is granted, owns (after application of the rules contained in Section 424(d) of the Code) stock possessing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company, unless (i) the exercise price for each share of Common Stock subject to such Incentive Stock Option is at least one hundred ten percent (110%) of the Fair Market Value of a share of Common Stock on the date of grant and (ii) such Incentive Stock Option is not exercisable after the fifth (5th) anniversary of the date of grant.

7.3.3 *Limitation on Grants*. The aggregate Fair Market Value (determined with respect to each Incentive Stock Option at the time such Incentive Stock Option is granted) of the shares of Common Stock with respect to which Incentive Stock Options are exercisable for the first time by an individual during any calendar year (under this Plan or any other plan of the Company) shall not exceed $100,000. If an Incentive Stock Option is granted pursuant to which the aggregate Fair Market Value of shares with respect to which it first becomes exercisable in any calendar year by an individual exceeds such $100,000 limitation, the portion of such Option which is in excess of the $100,000 limitation, and any Options issued subsequently in the same calendar year, shall be treated as a Non-qualified Stock Option pursuant to Section 422(d)(1) of the Code. In the event that an individual is eligible to participate in any other stock option plan of the Company which is also intended to comply with the provisions of Section 422 of the Code, such $100,000 limitation shall apply to the aggregate number of shares for which Incentive Stock Options may be granted under this Plan and all such other plans.

7.3.4 *Other Terms*. Award Agreements evidencing Incentive Stock Options shall contain such other terms and conditions as may be necessary to qualify, to the extent determined desirable by the Committee, with the applicable provisions of Section 422 of the Code.

7.4 Exercise Price. The per share exercise price for the Shares to be issued pursuant to exercise of an Option shall be determined by the Committee, subject to the following:

(i) The per Share exercise price of an Option shall be no less than 100% of the Fair Market Value per Share on the Grant Date.

(ii) Notwithstanding the foregoing, at the Committee's discretion, Options may be granted in substitution and/or conversion of options or stock appreciation rights of an acquired entity, with a per Share exercise price of less than 100% of the Fair Market Value per Share on the date of such substitution and/or conversion if such exercise price is based on a formula set forth in the terms of such options/stock appreciation rights or in the terms of the agreement providing for such acquisition.

7.5 Option Period. Subject to the provisions of Sections 7.3 and 14.2, each Option granted pursuant to Section 7 under the Plan shall terminate and all rights to purchase shares thereunder shall cease on the tenth (10th) anniversary of the date such Option is granted, or on such date prior thereto as may be fixed by the Committee and stated in the Award Agreement relating to such Option. Notwithstanding the foregoing, the Committee may in its discretion, at any time prior to the expiration or termination of any Option, extend the term of any such Option for such additional period as the Committee in its discretion may determine; *provided, however*, that in no event shall the aggregate option period with respect to any Option, including the initial term of such Option and any extensions thereof, exceed ten (10) years.

7.6 Vesting. Each Award Agreement will specify the vesting schedule applicable to the Option granted thereunder. Notwithstanding the foregoing, the Committee may in its discretion provide that any vesting requirement or other such limitation on the exercise of an Option may be rescinded, modified or waived by the Committee, in its sole discretion, at any time and from time to time after the date of grant of such Option, so as to accelerate the time at which the Option may be exercised.

7.7 Exercise of Option.

(i) *Procedure for Exercise*.

(a) Any Option granted hereunder shall be exercisable according to the terms of the Plan and at such times and under such conditions as determined by the Committee and set forth in the respective Award Agreement. Unless the Committee provides otherwise: (A) no Option may be exercised during any leave of absence other than an approved personal or medical leave with an employment guarantee upon return; and (B) an Option shall continue to vest during any authorized leave of absence and such Option may be exercised to the extent vested and exercisable upon the Participant's return to active employment status.

(b) An Option shall be deemed exercised when the Company, or its agent appointed pursuant to 5.2(ii) receives (A) written, electronic or verbal, to the extent expressly permitted by the third party or Company, notice of exercise (in accordance with the Award Agreement) from the person entitled to exercise the Option; (B) full payment for the Shares with respect to which the related Option is exercised; and (C) with respect to Non-qualified Stock Option, payment of all applicable withholding taxes.

(c) Shares issued upon exercise of an Option shall be issued in the name of the Participant or, if requested by the Participant, in the name of the Participant and his or her spouse.

(d) The Company shall issue (or cause to be issued) such Shares as soon as administratively practicable after the Option is exercised.

(ii) *Rights as Shareholders*. Unless provided otherwise by the Committee or pursuant to this Plan, until the Shares are issued (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), no right to vote or receive dividends or any other rights as a shareholder shall exist with respect to the Shares subject to an Option, notwithstanding the exercise of the Option.

7.8 Form of Consideration. Unless provided otherwise in the Award Agreement, the following shall be deemed to be acceptable forms of consideration for exercising an Option:

(i) cash;

(ii) check or wire transfer (denominated in U.S. Dollars);

(iii) subject to any conditions or limitations established by the Committee in the applicable Award Agreement, other Shares which have a Fair Market Value on the date of surrender equal to the aggregate exercise price of the Shares as to which said Option shall be exercised;

(iv) subject to any conditions or limitations established by the Committee in the applicable Award Agreement, withholding of Shares deliverable upon exercise, which have a Fair Market Value on the date of surrender equal to the aggregate exercise price of the Shares as to which said Option shall be exercised;

(v) consideration received by the Company under a broker-assisted sale and remittance program, or "cashless" exercise/sale procedure;

(vi) such other consideration and method of payment for the issuance of Shares to the extent permitted by Applicable Laws; or

(vii) any combination of the foregoing methods of payment.

7.9 Transferability. No Incentive Stock Option shall be assignable or transferable by the Participant to whom it is granted, other than by will or the laws of descent and distribution. No Non-qualified Stock Option shall be assignable or transferable by the Participant to whom it is granted, other than by will or the laws of descent and distribution; *provided, however*, that Non-qualified Stock Options may be transferred or assigned to (i) family members or entities (including trusts) established for the benefit of the Participant or the Participant's family members or (ii) any other person, as permitted by applicable securities law. Any Option assigned or transferred pursuant to this Section 7.9 shall continue to be subject to the same terms and conditions as were applicable to the Option immediately before the transfer; *provided, however*, than any Option transferred for value may not be exercised under any Registration Statement on Form S-8 and upon exercise of such transferred Option the holder would only be entitled to receive shares of restricted stock that have not been registered under the Securities Act of 1933.

8. Restricted Stock Award.

8.1 Grant of a Restricted Stock Award. Subject to the provisions of the Plan, the Committee may grant a Restricted Stock Award. Each grant of a Restricted Stock Award shall be evidenced by an Award Agreement in such form as the Committee shall from time to time approve.

8.2 Issue Date and Vesting Date. At the time of the grant of a Restricted Stock Award, the Committee shall establish an Issue Date(s) and a Vesting Date(s) with respect to such Restricted Stock Award. The Committee may divide a Restricted Stock Award into classes and assign a different Issue Date and/or Vesting Date for each class. Upon an Issue Date with respect to a share of a Restricted Stock Award, a share of a Restricted Stock Award shall be issued in accordance with the provisions of Section 8.4. Provided that all conditions to the vesting of a share of a Restricted Stock Award imposed pursuant to Section 8.3 are satisfied, upon the occurrence of the Vesting Date with respect to a share of Restricted Stock, such share of Restricted Stock shall vest.

8.3 Vesting. At the time of the grant of a Restricted Stock Award, the Committee may impose such restrictions or conditions, not inconsistent with the provisions hereof, to the vesting of such Restricted Stock as it, in its absolute discretion, deems appropriate. By way of example and not by way of limitation, the Committee may require, as a condition to the vesting of any class or classes of shares underlying a Restricted Stock Award, that the Participant or the Company achieve certain performance criteria, the Common Stock attain certain stock price or prices, or such other criteria to be specified by the Committee at the time of the grant of such Shares in the applicable Award Agreement.

8.4 Issuance of Certificates.

(i) Reasonably promptly after the Issue Date with respect to a Restricted Stock Award, the Company shall cause to be issued and delivered, either physically or electronically shares of Common Stock, registered in the name of the Participant to whom such shares were granted; provided, that the Company shall not cause a physical stock certificate to be issued unless it has received a stock power duly endorsed in blank with respect to such shares. Each stock certificate representing unvested shares of Restricted Stock shall bear the following legend:

"THE TRANSFERABILITY OF THIS CERTIFICATE AND THE SHARES OF STOCK REPRESENTED HEREBY IS SUBJECT TO THE RESTRICTIONS, TERMS AND CONDITIONS (INCLUDING FORFEITURE AND RESTRICTIONS AGAINST TRANSFER) CONTAINED IN THE ST. JOE COMPANY 2015 PERFORMANCE AND EQUITY INCENTIVE PLAN AND AN AWARD AGREEMENT ENTERED INTO BETWEEN THE REGISTERED OWNER OF SUCH SHARES AND THE ST. JOE COMPANY. A COPY OF THE PLAN AND AGREEMENT IS ON FILE IN THE OFFICE OF THE SECRETARY OF THE ST. JOE COMPANY. SUCH LEGEND SHALL NOT BE REMOVED FROM THE CERTIFICATE EVIDENCING SUCH SHARES UNTIL SUCH SHARES VEST PURSUANT TO THE TERMS HEREOF."

(ii) To the extent that the shares of Restricted Stock are delivered electronically, the Company may make such provisions as it deems necessary to ensure that each share of Restricted Stock is subject to the same terms and conditions as shares that are represented by a physical stock certificate. Each certificate issued pursuant to Section 8.4(i) hereof, together with the stock powers relating to the shares of Restricted Stock evidenced by such certificate, shall be deposited by the Company with a custodian designated by the Company. The Company shall cause such custodian to issue to the Participant a receipt evidencing the certificates held by it which are registered in the name of the Participant.

8.5 Dividends and Splits. As a condition to the grant of an award of a Restricted Stock Award, the Committee may require or permit a Participant to elect that any cash dividends paid on a share of a Restricted Stock Award be automatically reinvested in additional shares of Restricted Stock or applied to the purchase of additional awards under this Plan. Unless otherwise determined by the Committee, stock distributed in connection with a stock split or stock dividend, and other property distributed as a dividend, shall be subject to restrictions and a risk of forfeiture to the same extent as the Restricted Stock Award with respect to which such stock or other property has been distributed.

8.6 Consequences Upon Vesting. Upon the vesting of a share of a Restricted Stock Award pursuant to the terms hereof, the vesting restrictions shall cease to apply to such share. Reasonably promptly after a share of a Restricted Stock Award vests pursuant to the terms hereof, the Company shall cause to be issued and delivered to the Participant to whom such shares were granted, a either (i) a certificate evidencing such shares of Common Stock or (ii) an electronic issuance evidencing such shares of Common Stock, together with any other property of the Participant held by the custodian pursuant to Section 8.4 hereof; *provided, however*, that to the extent that the Participant is then subject to Stock Ownership Guidelines and that such shares are subject to transfer restrictions pursuant to such Stock Ownership Guidelines then such shares (i) shall be issued with a legend indicating that "THE TRANSFERABILITY OF THIS CERTIFICATE AND THE SHARES OF STOCK REPRESENTED HEREBY IS SUBJECT TO TRANSFERABILITY RESTRICTIONS CONTAINED IN THE ST. JOE COMPANY STOCK OWNERSHIP GUIDELINES" or (ii) if delivered electronically, the Company may make such provisions as it deems necessary to ensure that each share of Common Stock is subject to the same terms and conditions as shares that are represented by a physical stock certificate.

9. Restricted Stock Units.

9.1 Grant of Restricted Stock Units. Subject to the terms of the Plan, the Committee may grant awards of Restricted Stock Units or RSUs. An award of RSUs may be subject to the attainment of specified performance goals or targets, forfeitability provisions and such other terms and conditions as the Committee may determine, subject to the provisions of this Plan. At the time an award of RSUs is made, the Committee shall establish a period of time during which the RSUs shall vest. Each grant of a RSU shall be evidenced by an Award Agreement in such form as the Committee shall from time to time approve.

9.2 Dividend Equivalent Accounts. If (and only if) required by the applicable Award Agreement, prior to the expiration of the applicable vesting period of an RSU, the Company shall pay dividend equivalent rights with respect to RSUs, in which case, the Company shall establish an account for the Participant and reflect in that account any securities, cash or other property comprising any dividend or property distribution with respect to the Common Stock underlying each RSU. Each amount or other property credited to any such account shall be subject to the same vesting conditions as the RSU to which it relates. The Participant shall be paid the amounts or other property credited to such account upon vesting of the RSU.

9.3 Rights as a Shareholder. Subject to the restrictions imposed under the terms and conditions of this Plan and the applicable Award Agreement, each Participant receiving RSUs shall have no rights as a shareholder with respect to such RSUs until such time as the Common Stock are issued to the Participant. Except as otherwise provided in the applicable Award Agreement, Common Stock issuable under an RSU shall be treated as issued on the first date that the holder of the RSU is no longer subject to a substantial risk of forfeiture as determined for purposes of Section 409A of the Code, and the holder shall be the owner of such Common Stock on such date.

9.4 Consequences Upon Vesting. Reasonably promptly after the vesting of an RSU, the Company shall cause to be issued and delivered to the Participant to whom such shares were granted, either (i) a certificate evidencing such shares of Common Stock or (ii) an electronic issuance evidencing such shares of Common Stock, together with any other property of the Participant held by the custodian pursuant to Section 9.2 hereof; *provided, however*, that to the extent that the Participant is then subject to Stock Ownership Guidelines and that such shares are subject to transfer restrictions pursuant to such Stock Ownership Guidelines then such shares (i) shall be issued with a legend indicating that “THE TRANSFERABILITY OF THIS CERTIFICATE AND THE SHARES OF STOCK REPRESENTED HEREBY IS SUBJECT TO TRANSFERABILITY RESTRICTIONS CONTAINED IN THE ST. JOE COMPANY STOCK OWNERSHIP GUIDELINES” or (ii) if delivered electronically, the Company may make such provisions as it deems necessary to ensure that each share of Common Stock is subject to the same terms and conditions as shares that are represented by a physical stock certificate.

10. Stock Appreciation Rights.

10.1 Grant of Stock Appreciation Rights. Subject to the terms of the Plan, any Option granted under the Plan may include a SAR, either at the time of grant or by amendment except that in the case of an Incentive Stock Option, such SAR shall be granted only at the time of grant of the related Option. The Committee may also award to Participants SARs independent of any Option. A SAR shall be subject to such terms and conditions not inconsistent with the Plan as the Committee shall impose. Each grant of a SAR shall be evidenced by an Award Agreement in such form as the Committee shall from time to time approve.

10.2 Vesting. A SAR granted in connection with an Option shall become exercisable, be transferable and shall lapse according to the same vesting schedule, transferability and lapse rules that are established by the Committee for the Option. A SAR granted independent of an Option shall become exercisable, be transferable and shall lapse in accordance with a vesting schedule, transferability and lapse rules established by the Committee. Notwithstanding the above, a SAR shall not be exercisable by a person subject to Section 16(b) of the Exchange Act for at least six (6) months following the date the SAR is granted.

10.3 Failure to Exercise. If on the last day of the Option period (or in the case of a SAR independent of an Option, the SAR period established by the Committee), the Fair Market Value of the stock exceeds the exercise price, the Participant has not exercised the Option or SAR, and neither the Option nor the SAR has lapsed, such SAR shall be deemed to have been exercised by the Participant on such last day and the Company shall make the appropriate payment therefor.

10.4 Payment. The amount of additional compensation which may be received pursuant to the award of one SAR is the excess, if any, of the Fair Market Value of one share of Common Stock on the Appreciation Date over the exercise price, in the case of a SAR granted in connection with an Option, or the Fair Market Value of one (1) share of Common Stock on the date the SAR is granted, in the case of a SAR granted independent of an Option. The Company shall pay such excess in cash, in shares of Common Stock valued at Fair Market Value, or any combination thereof, as determined by the Committee. Fractional shares shall be settled in cash.

10.5 Designation of Appreciation Date. A Participant may designate an Appreciation Date at such time or times as may be determined by the Committee at the time of grant by filing an irrevocable written notice with the Committee or its designee, specifying the number of SARs to which the Appreciation Date relates, and the date on which such SARs were awarded. Such time or times determined by the Committee may take into account any applicable "window periods" required by Rule 16b-3 under the Exchange Act.

10.6 Expiration. Except as otherwise provided in the case of SARs granted in connection with Options, the SARs shall expire on a date designated by the Committee which is not later than ten (10) years after the date on which the SAR was awarded.

11. Stock Bonuses. Subject to the provisions of the Plan, the Committee may grant Stock Bonuses in such amounts as it shall determine from time to time. A Stock Bonus shall be paid at such time and subject to such conditions as the Committee shall determine at the time of the grant of such Stock Bonus. Shares of Common Stock granted as a Stock Bonus shall be issued in certificated form or electronically and delivered to such Participant as soon as practicable after the date on which such Stock Bonus is required to be paid.

12. Performance Awards.

12.1 Grant of Performance Awards. Subject to the terms of the Plan, the Committee may grant Performance Awards to any officer or employee of the Company or its Subsidiaries. The provisions of Performance Awards need not be the same with respect to all Participants. A Performance Award may consist of a right that is (i) denominated in cash or Shares (including but not limited to Restricted Stock or Restricted Stock Units), (ii) valued, as determined by the Committee, in accordance with the achievement of one or more performance criteria as the Committee shall establish, and (iii) payable at such time and in such form as the Committee shall determine. Each grant of a Performance Award shall be evidenced by an Award Agreement in such form as the Committee shall from time to time approve.

12.2 Terms and Conditions.

(i) Each Performance Award shall contain provisions regarding (i) the target and maximum amount payable to the Participant, (ii) the performance criteria and level of achievement versus these criteria which shall determine the amount of such payment, (iii) the period as to which performance shall be measured for establishing the amount of any payment, (iv) the timing of any payment earned by virtue of performance, (v) restrictions on the alienation or transfer of the Performance Award prior to actual payment, (vi) forfeiture provisions, and (vii) such further terms and conditions, in each case not inconsistent with the Plan, as may be determined from time to time by the Committee. In the event the Committee provides for dividends or dividend equivalents to be payable with respect to any Performance Awards denominated in Shares, actual payment of such dividends or dividend equivalents shall be conditioned upon the performance goals underlying the Performance Award being met.

(ii) The maximum amount payable under a Performance Award that is settled for cash may be a multiple of the target amount payable. However, the maximum number of shares subject to any Performance Award denominated in Shares granted in any fiscal year to a Participant shall be 400,000 subject to adjustment as provided in Section 16.1, and the maximum amount paid in respect of a Performance Award denominated in cash or value other than Shares on an annualized fiscal year basis with respect to any Participant shall be $5,000,000.

(iii) The Committee shall have the power to impose such other restrictions on Awards subject to this Section 12.2 as it may deem necessary or appropriate to ensure that such Awards satisfy all requirements for "performance-based compensation" within the meaning of Section 162(m)(4)(C) of the Code, or any successor provision thereto. Notwithstanding any provision of the Plan to the contrary, the Committee shall not be authorized to increase the amount payable under any Award to which this Section 12 applies upon attainment of such pre-established formula.

12.3 Performance Criteria. The Committee shall establish the performance criteria and level of achievement versus these criteria which shall determine the target and the minimum and maximum amount payable under a Performance Award, which criteria may be based on financial performance and/or personal performance evaluations. The Committee may specify the percentage of the target Performance Award that is intended to satisfy the requirements for "performance-based compensation" under Section 162(m) of the Code. Notwithstanding anything to the contrary herein, the performance criteria for any portion of a Performance Award that is intended to satisfy the requirements for "performance-based compensation" under Section 162(m) of the Code shall be a measure established by the Committee based on one or more Qualifying Performance Criteria selected by the Committee and specified in writing not later than ninety (90) days after the commencement of the performance period to which the performance goals relate (and, in the case of performance periods of less than one year, in no event after 25% or more of the performance period has elapsed) and while performance relating to such target(s) remains substantially uncertain within the meaning of Section 162(m) of the Code. The applicable performance measurement period may not be less than three (3) months nor more than ten (10) years.

12.4 Qualifying Performance Criteria. For purposes of this Plan, the term "Qualifying Performance Criteria" shall mean any one or more of the following performance criteria, either individually, alternatively or in any combination, applied to either the Company as a whole or to a business unit, Affiliate or business segment, either individually, alternatively or in any combination, and measured either annually or cumulatively over a period of years, on an absolute basis or a per share basis or relative to a pre-established target, to previous years' results or to a designated comparison group, in each case as specified by the Committee in the Award: (i) cash flow, tower cash flow or equity free cash flow; (ii) earnings (including gross margin, EBITDA (earnings before interest, taxes, depreciation and amortization)); (iii) earnings per share; (iv) growth in earnings, cash flow, revenue, gross margin, operating expense or operating expense as a percentage of revenue; (v) stock price; (vi) return on equity or average shareholder equity; (vii) total shareholder return; (viii) return on capital; (ix) return on assets or net assets; (x) return on investment; (xi) revenue; (xii) income or net income; (xiii) operating income or net operating income; (xiv) operating profit, net operating profit or controllable operating profit; (xv) operating margin or operating expense or operating expense as a percentage of revenue; (xvi) return on operating revenue; (xvii) market share or customer indicators; (xviii) contract awards or backlog; (xix) overhead or other expense reduction; (xx) growth in shareholder value relative to the moving average of the S&P 500 Index or a peer group index; (xxi) credit rating; (xxii) strategic plan development and implementation (xxiii) succession plan development and implementation; (xxiv) acquisitions consummated; (xxv) improvement in productivity or workforce diversity; (xxvi) attainment of objective operating goals and employee metrics; (xxvii) economic value added; and (xxviii) any other similar criteria. These terms are used as applied under generally accepted accounting principles or in the financial reporting of the Company or of its Subsidiaries. To the extent consistent with Section 162(m) of the Code, the Committee may appropriately adjust any evaluation of performance under a Qualifying Performance Criteria to mitigate the unbudgeted impact of material, unusual or nonrecurring gains and losses, accounting changes or other extraordinary events not foreseen at the time the targets were set unless the Committee provides otherwise at the time of establishing the targets; provided that the Committee may not make any adjustment to the extent it would adversely affect the qualification of any compensation payable under such performance targets as “performance-based compensation” under Section 162(m).

12.5 Timing and Form of Payment. The Committee shall determine the timing of payment of any Performance Award. The Committee may provide for or, subject to such terms and conditions as the Committee may specify, may permit a Participant to elect (in a manner consistent with Section 409A of the Code) for the payment of any Performance Award to be deferred to a specified date or event.

13. Other Stock-Based Awards. Awards of shares of Common Stock, stock appreciation rights, phantom stock and other awards that are valued in whole or in part by reference to, or otherwise based on, Common Stock, may also be made, from time to time, to Eligible Individuals as may be selected by the Committee. Such awards may be made alone or in addition to or in connection with any Option, Restricted Stock Unit or any other award granted hereunder. The Committee may determine the terms and conditions of any such award. Each award shall be evidenced by an Award Agreement that shall specify the number of shares of Common Stock subject to the award, any consideration therefor, any vesting or performance requirements and such other terms and conditions as the Committee shall determine.

14. Effect of Termination of Service on Awards.

14.1 Termination of Employment. The Committee shall establish the effect of a termination of employment or service on the rights and benefits under each award under this Plan and in so doing may make distinctions based upon, inter alia, the cause of termination and type of award. If the Participant is not an employee of the Company or one of its Subsidiaries and provides other services to the Company or one of its Subsidiaries, the Committee shall be the sole judge for purposes of this Plan (unless a contract or the Award Agreement otherwise provides) of whether the Participant continues to render services to the Company or one of its Subsidiaries and the date, if any, upon which such services shall be deemed to have terminated.

14.2 Termination of Employment Without Cause. Unless otherwise provided in an Award Agreement, upon the termination of the employment or other service of a Participant with the Company, a Subsidiary or Affiliate, other than by reason of Cause, death or Disability, any Option, RSU or SAR granted to such Participant which has vested as of the date upon which the termination occurs shall be exercisable for a period not to exceed ninety (90) days after such termination. Upon such termination, (i) the Participant’s unvested Options or SARs shall expire and the Participant shall have no further right to exercises such Options or SARs and (ii) any Restricted Stock or RSU that is subject to restrictions at the time of termination shall be forfeited and reacquired by the Company. Notwithstanding the provisions of this Section 14.2, the Committee may provide, by rule or regulation, in any Award Agreement, or in any individual case, in its sole discretion, that following the termination of employment or service of a Participant with the Company, a Subsidiary or Affiliate , other than a termination resulting from Cause, a Participant may (i) exercise an Option, in whole or in part, at any time subsequent to such termination of employment or service and prior to termination of the Option pursuant to Section 7.6 above, either subject to or without regard to any vesting or other limitation on exercise imposed pursuant to the applicable Award Agreement and (ii) any restrictions or forfeiture conditions relating to the vesting of a Restricted Stock Award or Restricted Stock Unit shall be waived in whole or in part in the event of such termination.

14.3 Termination of Employment for Cause. Upon termination of the employment or other service of a Participant with the Company, a Subsidiary or Affiliate, as the case may be, for Cause, (i) any Option or SAR granted to the Participant shall expire immediately and the Participant shall have no further right to exercise such Option or SAR, as the case may be and (ii) any Restricted Stock or RSU that is subject to restrictions at the time of termination shall be forfeited and reacquired by the Company. The Committee shall determine whether Cause exists for purposes of this Plan.

14.4 Termination of Employment by Disability or Death. Unless otherwise provided in an Award Agreement , if a Participant's employment or service with the Company, the Subsidiary or Affiliate, as the case may be, terminates by reason of Disability or death, all outstanding Options and SARs held by the Participant at the time of death or Disability (the "Date of Termination by Death or Disability") shall immediately vest and, (i) in the case of termination by Disability, the Participant, or (ii) in the case of termination by death, the Participant's estate, the devisee named in the Participant's valid last will and testament or the Participant's heir at law who inherits the Option (whichever is applicable), has the right, at any time prior to the one year anniversary of the Date of Termination by Death or Disability to exercise, in whole or in part, any portion of the Options or SARs held by the Participant on the Date of Termination by Death or Disability. Unless otherwise provided in an Award Agreement, if a Participant's employment or service with the Company, the Subsidiary or Affiliate, as the case may be, terminates by reason of Disability or death, any time-based restrictions applicable to any outstanding RSU or Restricted Stock shall be deemed waived. To the extent that any RSU or Restricted Stock is subject to forfeiture based upon the achievement of performance requirements, the Committee shall, (i) determine the extent to which such performance requirements have been met as of the Date of Termination by Death or Disability based upon such audited or unaudited financial information then available or other information as it deems relevant, and (ii) cause to be paid to each Participant partial or full Awards with respect to such RSU or Restricted Stock based upon the Committee's determination of the degree of attainment of the applicable performance requirements.

14.5 Events Not Deemed Terminations of Service. Unless the express policy of the Company or one of its Subsidiaries or Affiliates, as the case may be, or the Committee, otherwise provides, the employment relationship shall not be considered terminated in the case of (a) sick leave, (b) military leave, or (c) any other leave of absence authorized by the Company or one of its Subsidiaries, or the Committee; provided that unless reemployment upon the expiration of such leave is guaranteed by contract or law, such leave is for a period of not more than three (3) months. In the case of any employee of the Company or one of its Subsidiaries on an approved leave of absence, continued vesting of the award while on leave from the employ of the Company or one of its Subsidiaries may be suspended until the employee returns to service, unless the Committee otherwise provides or Applicable Laws otherwise require. In no event shall an award be exercised after the expiration of the term set forth in the Award Agreement.

14.6 Effect of Change of Entity Status. Unless otherwise provided in an Award Agreement or by the Committee, in its sole and absolute discretion, on a case-by case basis, for purposes of this Plan and any Award, if an entity ceases to be a Subsidiary or Affiliate of the Company, a termination of employment or service shall be deemed to have occurred with respect to each Eligible Individual in respect of such Subsidiary or Affiliate who does not continue as an Eligible Individual in respect of another entity within the Company or another Subsidiary or Affiliate that continues as such after giving effect to the transaction or other event giving rise to the change in status.

15. Awards to Independent Directors

15.1 Initial Grants of Options to Independent Directors. Each person who is initially elected to the Board after the Effective Date and who is an Independent Director at the time of such initial election shall automatically be granted Non-qualified Stock Options, Restricted Stock and/or Restricted Stock Units with an aggregate value as established by the Board from time to time; *provided, however*, that the number of shares of Common Stock subject to any Non-qualified Stock Option, Restricted Stock or RSU awarded under this Section 15.1 shall be reduced by the number of shares of Common Stock subject to any Option, Restricted Stock or RSU granted to an Independent Director pursuant to any other stock incentive plan maintained by the Company.

15.2 Annual Grants to Independent Directors. The Committee may make an annual grant of Non-qualified Stock Options, Restricted Stock and/or RSUs to all Independent Directors, in an amount to be determined by the Committee in its sole discretion and subject to the applicable limitations of the Plan; *provided, however*, that no Option, Restricted Stock, and/or RSU shall be granted to an Independent Director under this Section 15.2 during any year in which such Independent Director received an Award pursuant to Section 15.1.

15.3 Additional Awards to Independent Directors. In addition to any other grants made to Independent Directors under this Section 15.3, the Committee may from time to time grant Options, Restricted Stock, Restricted Stock Units, Stock Bonuses and Other Stock Based Awards to any Independent Director, in its sole discretion, and subject to the applicable limitations of the Plan.

15.4 Exercise Price. The price per share of the shares subject to each Option or SAR granted to an Independent Director shall equal 100% of the Fair Market Value of a share of Common Stock on the date the option is granted.

15.5 Vesting. Except as set forth in the Award Agreement, subject to the provisions of this Section 18, (a) any Option, SAR, Restricted Stock or RSU granted to an Independent Director pursuant to Section 15.1 shall vest and, in the case of Options or SARs, become exercisable, in cumulative annual installments of 20% each on the first, second, third, fourth and fifth anniversaries of the date the Award, (b) any other Options, SARs, Restricted Stock or RSUs granted to an Independent Director pursuant to Section 15.2 or Section 15.3 shall vest and become exercisable in accordance with the terms set forth in the applicable Award Agreement, as determined by the Committee in its sole discretion; *provided, however*, any Option or SAR granted to an Independent Director may in the sole discretion of the Committee vest and become immediately exercisable and any Restricted Stock or RSU which were granted pursuant to time-based restrictions may have such restrictions waived upon the retirement of the Independent Director in accordance with the Company's retirement policy applicable to directors.

15.6 Vesting of Restricted Stock or Restricted Stock Units. Reasonably promptly after the vesting of a Restricted Stock Award or a RSU, the Company shall cause to be issued and delivered, either physically or electronically, to the Independent Director to whom such shares were granted, either (i) a certificate evidencing such shares of Common Stock or (ii) an electronic issuance evidencing such shares of Common Stock; *provided, however*, that to the extent that the Independent Director is then subject to Stock Ownership Guidelines and that such shares are subject to transfer restrictions pursuant to such Stock Ownership Guidelines then such shares (i) shall be issued with a legend indicating that "THE TRANSFERABILITY OF THIS CERTIFICATE AND THE SHARES OF STOCK REPRESENTED HEREBY IS SUBJECT TO THE RESTRICTIONS, TERMS AND CONDITIONS (INCLUDING FORFEITURE AND RESTRICTIONS AGAINST TRANSFER) CONTAINED IN THE ST. JOE COMPANY STOCK OWNERSHIP GUIDELINES" or (ii) if delivered electronically, the Company may make such provisions as it deems necessary to ensure that each share of Common Stock is subject to the same terms and conditions as shares that are represented by a physical stock certificate.

15.7 Term. Unless otherwise provided in the applicable Award Agreement, the term of any Non-qualified Stock Option, SAR, or RSU granted to an Independent Director shall be ten (10) years from the date the Option is granted.

15.8 Effect of Termination of Service. Upon a termination of the Independent Director's services with the Company for any reason, any unvested Option or SAR shall immediately expire and any Restricted Stock or RSU that is subject to restrictions at the time of termination shall be forfeited and reacquired by the Company. Vested portions of any Options granted to an Independent Director are exercisable until the first to occur of the following events:

(i) the expiration of twelve (12) months from the date of the Independent Director's death or a termination of the Independent Director's services with the Company by reason of a Disability;

(ii) the expiration of three (3) months from the date the Independent Director's services with the Company are terminated for any reason other than death or Disability; or

(iii) the expiration of ten (10) years from the date the Option was granted.

16. Recapitalization, Change In Control And Other Corporate Events.

16.1 Recapitalization. If the outstanding shares of Common Stock are increased or decreased or changed into or exchanged for a different number or kind of shares or other securities of the Company by reason of any recapitalization, or reclassification, stock split, reverse split, combination of shares, exchange of shares, stock dividend or other distribution payable in capital stock of the Company or other increase or decrease in such shares effected without receipt of consideration by the Company occurring after the Effective Date, a corresponding appropriate and proportionate adjustment shall be made by the Committee (i) in the aggregate number and kind of shares of Common Stock available under the Plan, (ii) in the number and kind of shares of Common Stock issuable upon exercise or vesting of an outstanding Award or upon termination of the Restriction Period applicable to a Restricted Stock Unit granted under the Plan, and (iii) in the exercise price per share of outstanding Options granted under the Plan.

16.2 Reorganization. Unless otherwise provided in an Award Agreement, in the event of a Reorganization of the Company, the Committee may, in its sole and absolute discretion, provide on a case-by-case basis that some or all outstanding Awards shall become immediately exercisable, vested or entitled to payment. In the event of a Reorganization of the Company the Committee may, in its sole and absolute discretion, provide on a case-by-case basis that Options shall terminate upon the Reorganization, provided however, that Optionee shall have the right, immediately prior to the occurrence of such Reorganization and during such reasonable period as the Committee in its sole discretion shall determine and designate, to exercise any vested Option in whole or in part. In the event that the Committee does not terminate an Option upon a Reorganization of the Company then each outstanding Option shall upon exercise thereafter entitle the holder thereof to such number of shares of Common Stock or other securities or property to which a holder of shares of Common Stock would have been entitled to upon such Reorganization.

16.3 Change in Control. With respect to any Award, other than a Performance Award, in connection with a Change in Control, the Board or Committee may, in its discretion, either by the terms of the Award Agreement applicable to any Award or by resolution adopted prior to the occurrence of the Change in Control, if a Participant's employment with such successor company (or the Company) or a subsidiary thereof is terminated within twenty-four months following such Change in Control (or such other period set forth in the Award Agreement): (i) provide for the assumption or substitution of, or adjustment to, each outstanding Award; (ii) accelerate the vesting of Awards and terminate any restrictions on Awards; and (iii) provide for the cancellation of Awards for a cash payment per share/unit in an amount based on Fair Market Value of the Award with reference to the Change in Control, which amount may be zero (0) if applicable. In the event of a Change in Control, (a) any outstanding Performance Awards relating to Performance Periods ending prior to the Change in Control which have been earned but not paid shall become immediately payable, (b) all incomplete Performance Periods in effect on the date the Change in Control occurs shall end on the date of such change, and the Committee shall, (i) determine the extent to which Qualifying Performance Criteria with respect to each such Performance Period have been met based upon such audited or unaudited financial information then available as it deems relevant, (ii) cause to be paid to each Participant partial or full Awards with respect to Qualifying Performance Criteria for each such Performance Period based upon the Committee's determination of the degree of attainment of Qualifying Performance Criteria, and (c) the Company shall pay all such Performance Awards in cash promptly.

16.4 The obligations of the Company under the Plan shall be binding upon any successor corporation or organization resulting from the merger, consolidation or other reorganization of the Company, or upon any successor corporation or organization succeeding to substantially all of the assets and business of the Company. The Company agrees that it will make appropriate provisions for the preservation of Participant's rights under the Plan in any agreement or plan which it may enter into or adopt to effect any such merger, consolidation, reorganization or transfer of assets.

16.5 Adjustments. Adjustments under this Section 16 related to stock or securities of the Company shall be made by the Committee whose determination in that respect shall be final, binding, and conclusive. No fractional shares of Common Stock or units of other securities shall be issued pursuant to any such adjustment, and any fractions resulting from any such adjustment shall be eliminated in each case by rounding downward to the nearest whole share or unit.

16.6 No Limitations. The grant of an Award pursuant to the Plan shall not affect or limit in any way the right or power of the Company to make adjustments, reclassifications, reorganizations or changes of its capital or business structure or to merge, consolidate, dissolve or liquidate, or to sell or transfer all or any part of its business or assets.

17. Provisions Applicable To Covered Employees.

17.1 Awards. Notwithstanding anything in the Plan to the contrary, the Committee may grant any Award to a Covered Employee. The Committee, in its discretion, may determine whether an Award is to qualify as performance-based compensation as described in Section 162(m)(4)(C) of the Code. To the extent necessary to comply with the performance-based compensation requirements of Section 162(m)(4)(C) of the Code, with respect to any Award granted pursuant to the Plan which may be granted to one or more Covered Employees, no later than ninety (90) days following the commencement of any fiscal year in question or any other designated fiscal period or period of service (or such other time as may be required or permitted by Section 162(m) of the Code, the Committee shall, in writing, (i) designate one or more Covered Employees, (ii) select the Qualifying Performance Criteria applicable to the fiscal year or other designated fiscal period or period of service, (iii) establish the various performance targets, in terms of an objective formula or standard, and amounts of such Awards, as applicable, which may be earned for such fiscal year or other designated fiscal period or period of service and (iv) specify the relationship between Qualifying Performance Criteria and the performance targets and the amounts of such Awards, as applicable, to be earned by each Covered Employee for such fiscal year or other designated fiscal period or period of service. Following the completion of each fiscal year or other designated fiscal period or period of service, the Committee shall certify in writing whether the applicable performance targets have been achieved for such fiscal year or other designated fiscal period or period of service. In determining the amount earned by a Covered Employee, the Committee shall have the right to reduce (but not to increase) the amount payable at a given level of performance to take into account additional factors that the Committee may deem relevant to the assessment of individual or corporate performance for the fiscal year or other designated fiscal period or period of service.

17.2 Limitations. Furthermore, notwithstanding any other provision of the Plan or any Award which granted to a Covered Employee and is intended to qualify as performance-based compensation as described in Section 162(m)(4)(C) of the Code shall be subject to any additional limitations set forth in Section 162(m) of the Code (including any amendment to Section 162(m) of the Code) or any regulations or rulings issued thereunder that are requirements for qualification as performance-based compensation as described in Section 162(m)(4)(C) of the Code, and the Plan shall be deemed amended to the extent necessary to conform to such requirements.

18. Ownership and Transfer Restrictions. The Committee, in its sole discretion, may impose such restrictions on the ownership and transferability of shares received pursuant to any Award at it deems appropriate, including any restrictions as may be imposed pursuant to the Company's Stock Ownership Guidelines or Insider Trading Policy. Any such restriction shall be set forth in the respective Award Agreement and may be referred to on the certificates evidencing such shares. The holder shall give the Company prompt notice of any disposition of shares of Common Stock acquired by exercise of an Incentive Stock Option within (a) two years from the date of granting (including the date the Option is modified, extended or renewed for purposes of Section 424(h) of the Code) such Option to such holder or (b) one year after the transfer of such shares to such holder.

19. Limitations on Re-Pricing and Exchange of Options and SARs. The approval by a majority of the votes present and entitled to vote at a duly held meeting of the shareholders of the Company at which a quorum representing a majority of all outstanding voting stock is, either in person or by proxy, present and voting on the matter, or by written consent in accordance with applicable state law and the Articles of Incorporation and Bylaws of the Company shall be required for (i) the re-pricing of any Option or SAR granted under the Plan, or (ii) the exchange of any outstanding Option or SAR granted under the Plan for a new Option with an exercise price that is lower than the exercise price of the Option or SAR that is surrendered by the Participant.

20. No Personal Loans or Reloads. No Performance Award shall provide for a personal loan to a Participant, including for payment of the exercise price of an Option or withholding taxes relating to any Performance Award. No term of an Performance Award shall provide for automatic "reload" grants of additional Performance Awards upon exercise of an Option or SAR or otherwise as a term of an Performance Award.

21. Disclaimer of Rights. No provision in the Plan, any Award granted or any Award Agreement entered into pursuant to the Plan shall be construed to confer upon any individual the right to remain in the employ of the Company or to interfere in any way with the right and authority of the Company either to increase or decrease the compensation of any individual, including any Participant, at any time, or to terminate any employment or other relationship between any individual and the Company. A holder of an Award shall not be deemed for any purpose to be shareholder of the Company with respect to such Award except to the extent that such Award shall have been exercised with respect thereto and, in addition, a stock certificate shall have been issued theretofore and delivered to the holder, or except as expressly provided by the Committee in writing. No adjustment shall be made for dividends (ordinary or extraordinary, whether in cash, securities or other property) or distributions or other rights for which the record date is prior to the date such stock certificate is issued, except as expressly provided in Section 16 hereof.

22. Nonexclusivity of the Plan. The adoption of the Plan shall not be construed as creating any limitations upon the right and authority of the Committee to adopt such other incentive compensation arrangements (which arrangements may be applicable either generally to a class or classes of individuals or specifically to a particular individual or individuals) as the Committee in its discretion determines desirable, including, without limitation, the granting of stock options or stock appreciation rights other than under the Plan.

23. Securities Matters.

23.1 Notwithstanding anything herein to the contrary, the Company shall not be obligated to cause to be issued or delivered any certificates evidencing the Common Stock pursuant to the Plan unless and until the Company is advised by its counsel that the issuance and delivery of such certificates is in compliance with all Applicable Laws, regulations of governmental authority and the requirements of any securities exchange on which Common Stock are traded. The Committee may require, as a condition of the issuance and delivery of certificates evidencing Common Stock pursuant to the terms hereof, that the recipient of such shares make such covenants, agreements and representations, and that such certificates bear such legends, as the Committee, in its sole discretion, deems necessary or desirable. To the extent that there is not an effective registration statement available for the issuance of shares of Common Stock upon the vesting of a RSU or the exercise of an Option, the Company may, in its sole discretion, deliver shares that are subject to additional transferability restrictions pursuant to the Securities Act of 1933, as amended and may make such provisions as it deems necessary to ensure compliance by the Participant with such restrictions.

23.2 The exercise of any Option granted hereunder shall only be effective at such time as counsel to the Company shall have determined that the issuance and delivery of Common Stock pursuant to such exercise is in compliance with all Applicable Laws, regulations of governmental authority and the requirements of any securities exchange on which Common Stock are traded. The Company may, in its sole discretion, defer the effectiveness of any exercise of an Option granted hereunder in order to allow the issuance of Common Stock pursuant thereto to be made pursuant to registration or an exemption from the registration or other methods for compliance available under federal or state securities laws. The Company shall inform the Participant in writing of its decision to defer the effectiveness of the exercise of an Option granted hereunder. During the period that the effectiveness of the exercise of an Option has been deferred, the Participant may, by written notice, withdraw such exercise and obtain the refund of any amount paid with respect thereto.

23.3 With respect to persons subject to Section 16 of the Exchange Act, transactions under this Plan are intended to comply with all applicable conditions of Rule 16b-3 of the Exchange Act or its successors under the Exchange Act. To the extent any provision of the Plan, the grant of an award, or action by the Committee fails to so comply, it shall be deemed null and void, to the extent permitted by law and deemed advisable by the Committee.

24. Withholding Obligation. The Committee may make such provisions and take such steps as it may deem necessary or appropriate for the withholding of any taxes that the Company is required by any law or regulation of any governmental authority, whether federal, state or local, domestic or foreign, to withhold in connection with the exercise of any Option or SAR, the vesting of any Restricted Stock or RSU or the grant of Common Stock pursuant to an Award. The Award Agreement may provide, subject to any limitations set forth therein, that the following forms of consideration may be used in by the Participant for payment of any withholding due: cash or check, other Shares which have a Fair Market Value on the date of surrender equal to the amount of withholding due; withholding of Shares deliverable upon exercise or vesting, which have a Fair Market Value on the date of surrender equal to the amount of withholding due; consideration received by the Company under a broker-assisted sale and remittance program, or “cashless” exercise/sale procedure, acceptable to the Committee; such other consideration and method of payment for the withholding due to the extent permitted by applicable laws; or any combination of the foregoing methods of payment.

25. Plan Construction.

25.1 Rule 16b-3. Notwithstanding any other provision of the Plan, the Plan, and any Award granted or awarded to any individual who is then subject to Section 16 of the Exchange Act, shall be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3 of the Exchange Act) that are requirements for the application of such exemptive rule. To the extent permitted by Applicable Laws, the Plan and Awards granted or awarded hereunder shall be deemed amended to the extent necessary to conform to such applicable exemptive rule. Notwithstanding the foregoing, the Company shall have no liability to any Participant for Section 16 consequences of awards or events under awards if an award or event does not so qualify.

25.2 Section 162(m). Awards under Section 12 that are either granted or become vested, exercisable or payable based on attainment of one or more performance goals related to the Qualifying Performance Criteria that are approved by a committee composed solely of two or more outside directors (as this requirement is applied under Section 162(m) of the Code) shall be deemed to be intended as performance-based compensation within the meaning of Section 162(m) of the Code unless such committee provides otherwise at the time of grant of the award. It is the further intent of the Company that (to the extent the Company or one of its Subsidiaries or awards under this Plan may be or become subject to limitations on deductibility under Section 162(m) of the Code) any such awards and any other Performance Awards under Section 12 that are granted to or held by a person subject to Section 162(m) will qualify as performance-based compensation or otherwise be exempt from deductibility limitations under Section 162(m).

25.3 Code Section 409A Compliance. The Board intends that, except as may be otherwise determined by the Committee, any awards under the Plan are either exempt from or satisfy the requirements of Section 409A of the Code and related regulations and Treasury pronouncements ("Section 409A") to avoid the imposition of any taxes, including additional income or penalty taxes, thereunder. If the Committee determines that an award, Award Agreement, acceleration, adjustment to the terms of an award, payment, distribution, deferral election, transaction or any other action or arrangement contemplated by the provisions of the Plan would, if undertaken, cause a Participant's award to become subject to Section 409A, unless the Committee expressly determines otherwise, such award, Award Agreement, payment, acceleration, adjustment, distribution, deferral election, transaction or other action or arrangement shall not be undertaken and the related provisions of the Plan and/or Award Agreement will be deemed modified or, if necessary, rescinded in order to comply with the requirements of Section 409A to the extent determined by the Committee without the content or notice to the Participant.

25.4 No Guarantee of Favorable Tax Treatment. Although the Company intends that awards under the Plan will be exempt from, or will comply with, the requirements of Section 409A of the Code, the Company does not warrant that any award under the Plan will qualify for favorable tax treatment under Section 409A of the Code or any other provision of federal, state, local or foreign law. The Company shall not be liable to any Participant for any tax, interest or penalties the Participant might owe as a result of the grant, holding, vesting, exercise or payment of any award under the Plan.

26. Amendment And Termination of the Plan.

26.1 Board Authorization. The Board may, at any time, terminate or, from time to time, amend, modify or suspend this Plan, in whole or in part. No awards may be granted during any period that the Board suspends this Plan.

26.2 Shareholder Approval. To the extent then required by Applicable Laws or any applicable listing agency or required under Sections 162, 422 or 424 of the Code to preserve the intended tax consequences of this Plan, or deemed necessary or advisable by the Board, any amendment to this Plan shall be subject to shareholder approval.

26.3 Amendments to Awards. Without limiting any other express authority of the Committee under (but subject to) the express limits of this Plan, the Committee by agreement or resolution may waive conditions of, or limitations on, awards to Participants that the Committee in the prior exercise of its discretion has imposed, without the consent of a Participant, and, subject to the requirements of Sections 5 and 25.4, may make other changes to the terms and conditions of awards. Any amendment or other action that would constitute a repricing of an award is subject to the limitations set forth in Section 19.

26.4 Limitations on Amendments to Plan and Awards. No amendment, suspension or termination of this Plan or change of or affecting any outstanding award shall, without written consent of the Participant, affect in any manner materially adverse to the Participant any rights or benefits of the Participant or obligations of the Company under any award granted under this Plan prior to the effective date of such change.

26.5 Suspension or Termination of Award. In addition to the remedies of the Company elsewhere provided for herein, failure by a Participant to comply with any of the terms and conditions of the Plan or the Award Agreement executed by such Participant evidencing an award, unless such failure is remedied by such Participant within ten days after having been notified of such failure by the Committee, shall be grounds for the cancellation and forfeiture of such award, in whole or in part, as the Committee may determine.

27. Notices. Any communication or notice required or permitted to be given under the Plan shall be in writing, and mailed by registered or certified mail or delivered by hand, if to the Company, to its principal place of business, attention: Stock Option Administrator, and if to the Participant, to the address of the Participant as appearing on the records of the Company.

28. Stock-Based Awards in Substitution for Stock Options or Awards Granted by Other Company. Awards may be granted to Eligible Individuals in substitution for or in connection with an assumption of Options, SARs, a Restricted Stock Award or other stock-based awards granted by other entities to persons who are or who will become Eligible Individuals in respect of the Company or one of its Subsidiaries, in connection with a distribution, merger or other reorganization by or with the granting entity or an affiliated entity, or the acquisition by the Company or one of its Subsidiaries, directly or indirectly, of all or a substantial part of the stock or assets of the employing entity. The awards so granted need not comply with other specific terms of this Plan, provided the awards reflect only adjustments giving effect to the assumption or substitution consistent with the conversion applicable to the Common Stock in the transaction and any change in the issuer of the security. Any shares that are delivered and any awards that are granted by, or become obligations of, the Company, as a result of the assumption by the Company of, or in substitution for, outstanding awards previously granted by an acquired company (or previously granted by a predecessor employer (or direct or indirect parent thereof) in the case of persons that become employed by the Company or one of its Subsidiaries in connection with a business or asset acquisition or similar transaction) shall not be counted against the Share Limit or other limits on the number of shares available for issuance under this Plan. Any adjustment, substitution or assumption made pursuant to this Section 27 shall be made in a manner that, in the good faith determination of the Committee, will not likely result in the imposition of additional taxes or interest under Section 409A of the Code.

29. Governing Law; Severability.

29.1 Violations of Law. The Company shall not be required to sell or issue any shares of Common Stock under any Award if the sale or issuance of such shares would constitute a violation by the individual holding the Award, the Participant or the Company of any provisions of any law or regulation of any governmental authority, including without limitation any federal or state securities laws or regulations. Any determination in this connection by the Committee shall be final, binding, and conclusive. The Company shall not be obligated to take any affirmative action in order to cause the exercisability or vesting of an Option, the exercise of an Option or the issuance of shares pursuant to the exercise of an Option or expiration of a Restriction Period to comply with any law or regulation of any governmental authority.

29.2 Governing Law. This Plan shall be governed by, and construed and enforced in accordance with, the laws of the State of Florida, without regard to conflicts of laws thereof.

29.3 Severability. If any provision of the Plan or any Award Agreement shall be determined to be illegal or unenforceable by any court of law in any jurisdiction, the remaining provisions hereof and thereof shall be severable and enforceable in accordance with their terms, and all provisions shall remain enforceable in any other jurisdiction.

Exhibit 10.61

SEPARATION AGREEMENT

THIS SEPARATION AGREEMENT (this "Agreement") is entered into as of November 18th, 2015, by and between **Patrick Bienvenue** (the "Executive") and **The St. Joe Company**, a Florida corporation (the "Company").

WHEREAS, the Company and the Executive (the "Parties") have entered into an Employment Agreement dated as of August 18, 2011 (the "Employment Agreement");

WHEREAS, the Executive currently serves as Executive Vice President of the Company; and

WHEREAS, the Company has elected to terminate the Executive's employment other than for "Cause" (as defined in the Employment Agreement) effective as of November 9th, 2015 (the "Termination Date").

NOW, THEREFORE, in consideration of the premises and mutual covenants herein contained, and for other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the Company and the Executive hereby agree as follows:

1. Definitions

"Affiliate" means, with respect to any Person, any other Person controlling, controlled by, or under direct or indirect common control with such Person. For the purposes of this definition "control", when used with respect to any specified Person, shall mean the power to direct the management and policies of such Person, directly or indirectly, whether through ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled by" shall have the meanings correlative to the foregoing.

"Code" means the Internal Revenue Code of 1986, as amended.

"Person" means an individual, partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association or joint venture.

2. Termination of Employment

2.1 The Executive's employment by the Company, and any and all titles, positions and appointments the Executive holds with the Company and its Affiliates, whether as an officer or employee (including, without limitation, as Executive Vice President) shall cease as of the Termination Date.

2.2 As of the Termination Date, the Executive shall also have a "separation from service" with the Company within the meaning of Code Section 409A and the regulations thereunder, and notwithstanding anything in this Agreement to the contrary, he shall have no duties or responsibilities after the Termination Date that are inconsistent with having had such a separation from service as of the Termination Date.

3. Compensation and Other Benefits

3.1 The Executive shall continue to receive his annual base salary, at the annual rate of $500,000 per annum ("Base Salary"), for his employment through the Termination Date, in accordance with the Company's regular payroll practices for its senior executives, as in effect from time to time.

3.2 The Company shall also provide the following payments and benefits to the Executive:

(a) pay to the Executive, ratably over the 12 month period (with payments being made at the beginning of each such month following the end of the revocation period described in Section 4.1 of this Agreement after the Date of Termination), an amount equal to one (1) times the Executive's Salary, and

(b) pay to the Executive a one-time cash lump sum payment (with payment being made on the first regularly scheduled payroll date following the end of the revocation period described in Section 4.1 of this Agreement after the Date of Termination), an amount equal to $100,000, and

(c) provided that Executive elects to continue his and his family's medical insurance under COBRA, pay Executive's COBRA premium for the lesser of eighteen (18) months following the Termination Date or the date on which the Executive becomes ineligible for COBRA continuation coverage. The Executive shall be responsible to reimburse the Company, on a monthly basis, for an amount equal to the employee contribution that would be required of an employee participating in the medical insurance plan, as in effect from time-to-time (the "Employee Contribution").

3.3 Return of Payments. Anything in this Agreement to the contrary notwithstanding, all payments and benefits to the Executive under Sections 3.2(a) through (b) shall be returned to the Company promptly if the Executive breaches his obligations under Sections 5.1, 5.6, and 5.7 of this Agreement (the "Restrictions") within two years after the Termination Date. Until such Restrictions are completely satisfied, the Executive shall be a constructive trustee of such payments and benefits. In addition, all payments and benefits to the Executive under Sections 3.2(a) through (b) shall remain subject to recoupment by the Company to the extent required under the Sarbanes-Oxley Act of 2002 and/or the Dodd-Frank Act.

4. Effect of Termination

4.1 Release.

(d) General Release. In consideration of the payments and benefits under this Agreement, with the intention of binding the Executive and the Executive's heirs, executors, administrators and assigns, the Executive does hereby release, remise, acquit and forever discharge the Company and each of its Affiliates (the "Company Affiliated Group"), and in their capacity as such, their present and former officers, directors, executives, agents, attorneys, employees and employee benefits plans (and the fiduciaries thereof), and the successors, predecessors and assigns of each of the foregoing (collectively, the "Company Released Parties"), of and from any and all claims, actions, causes of action, complaints, charges, demands, rights, damages, debts, sums of money, accounts, financial obligations, suits, expenses, attorneys' fees and liabilities of whatever kind or nature in law, equity or otherwise, whether accrued, absolute, contingent, unliquidated or otherwise and whether now known or unknown, suspected or unsuspected which the Executive, individually or as a member of a class, now has, owns or holds, or has at any time heretofore had, owned or held, against any of the Company Released Parties in any capacity, including, without limitation, any and all claims (i) arising out of or in any way connected with the Executive's service to any member of the Company Affiliated Group (or the predecessors thereof) in any capacity, or the termination of such service in any such capacity, (ii) for severance or vacation benefits, unpaid wages, salary, bonus or incentive payments, (iii) for breach of contract, wrongful discharge, impairment of economic opportunity, defamation, intentional infliction of emotional harm or other tort, and (iv) for any violation of applicable state and local labor and employment laws (including, without limitation, all laws concerning unlawful and unfair labor and employment practices), any and all claims based on the Executive Retirement Income Security Act of 1974 ("ERISA"), any and all claims arising under the civil rights laws of any federal, state or local jurisdiction, including, without limitation, Title VII of the Civil Rights Act of 1964 ("Title VII"), the Americans with Disabilities Act ("ADA"), Sections 503 and 504 of the Rehabilitation Act, the Family and Medical Leave Act, the Age Discrimination in Employment Act ("ADEA"), the Florida Law Against Discrimination and any and all claims under any whistleblower laws or whistleblower provisions of other laws excepting only:

(i) rights of the Executive under this Agreement;
(ii) rights of the Executive relating to equity awards held by the Executive as of the Termination Date;
(iii) the right of the Executive to receive COBRA continuation coverage in accordance with applicable law;
(iv) claims for benefits under any health, disability, retirement, life insurance or other similar employee benefit plan or arrangement of the Company Affiliated Group; and
(v) claims for the reimbursement of unreimbursed business expenses incurred prior to the Termination Date pursuant to applicable Company policy.

(e) No Admissions. The Executive acknowledges and agrees that the provisions of this Section 4.1 are not to be construed in any way as an admission of any liability whatsoever by any Company Released Party, any such liability being expressly denied.

(f) Application to all Forms of Relief. This Section 4.1 applies to any relief no matter how called, including, without limitation, wages, back pay, front pay, compensatory damages, liquidated damages, punitive damages for pain or suffering, costs and attorney's fees and expenses.

(g) Specific Waiver. The Executive specifically acknowledges that his

acceptance of the terms of this Agreement, including the provisions of this Section 4.1, are, among other things, a specific waiver of his rights, claims and causes of action under Title VII, ADEA, ADA and any state or local law or regulation in respect of discrimination of any kind; provided, however, that nothing herein shall be deemed, nor does anything herein purport, to be a waiver of any right or claim or cause of action which by law the Executive is not permitted to waive.

(h) No Complaints or Other Claims. The Executive acknowledges and agrees that he has not, with respect to any transaction or state of facts existing prior to the date hereof, filed any complaints, charges or lawsuits against any Company Released Party with any governmental agency, court or tribunal.

(i) No Representation. The Executive acknowledges that, other than as set forth in this Agreement, (i) no promises have been made to the Executive and (ii) in signing this Agreement the Executive is not relying upon any statement or representation made by or on behalf of any Company Released Party and each or any of them concerning the merits of any claims or the nature, amount, extent or duration of any damages relating to any claims or the amount of any money, benefits, or compensation due the Executive or claimed by the Executive, or concerning this Section 4.1 or concerning any other thing or matter.

(j) Injunctive Relief. In the event of a breach or threatened breach by the Executive of this Section 4.1, the Executive agrees that the Company shall be entitled to injunctive relief in a court of appropriate jurisdiction to remedy any such breach or threatened breach, the Executive acknowledging that damages would be inadequate or insufficient.

(k) Voluntariness. The Executive agrees that he is relying solely upon his own judgment; that the Executive is over 18 years of age and is legally competent to sign this Agreement; that the Executive is signing this Agreement of his own free will; that the Executive has read and understood the Agreement before signing it; and that the Executive is signing this Agreement in exchange for consideration that he believes is satisfactory and adequate.

(l) Legal Counsel. The Executive acknowledges that he has been informed of the right to consult with legal counsel and has been encouraged to do so.

(m) Acceptance. The Executive acknowledges that he has been given a period of 21 days within which to consider this Agreement, unless applicable law requires a longer period, in which case the Executive shall be advised of such longer period and such longer period shall apply. The Executive may accept this Agreement at any time within this period of time by signing the Agreement and returning it to the Company.

(n) Revocability. This Agreement shall not become effective or enforceable until seven calendar days after the Executive signs it (the “Effective Date”). The Executive may revoke his acceptance of this Agreement at any time within that seven calendar day period by sending written notice to the Company. Such notice must be received by the Company within the seven calendar day period in order to be effective and, if so received, would void this Agreement for all purposes.

(o) Re-Execution. The Executive agrees to re-execute this Agreement as of the Termination Date solely with respect to this Section 4.1. If the Executive fails to timely re-execute this Agreement, the Company shall not be obligated to provide any of the payments and/or benefits set forth in Section 3.2(a) through (b).

4.2 Mutual Non-Disparagement. The Company and the Executive each agree that they will not make any intentionally negative or disparaging comments about the other, except as permitted under Section 4.4 of this Agreement.

4.3 Return of Property. On or before the Termination Date, the Executive shall return to the Company all of the Company's property of which he is in possession, including, without limitation, any material and documentation that constitutes Confidential Information, credit cards, computers, and keys.

4.4 Permissible Disclosures. Notwithstanding anything in this Agreement or elsewhere to the contrary, nothing shall preclude the Executive or the Company from making truthful statements, or from disclosing documents or information, (A) when required by applicable law, regulation, order, or the like, (B) in connection with any proceeding to enforce the terms of this Agreement, or (C) in confidence to any professional for the purpose of securing professional advice.

5. Executive's Commitment to the Company

5.1 Confidentiality. The Executive shall not, prior to and for two years after the Termination Date (and for an indefinite period for Confidential Information composed of trade secrets of the Company), disclose any Confidential Information to any Person for any reason or purpose whatsoever, other than in connection with the performance of the Executive's duties under this Agreement. The term "Confidential Information" shall mean all confidential information of or relating to the Company and any of its Affiliates, including, without limitation, financial information and data business plans and information regarding prospects and opportunities, but does not include any information that is or becomes public knowledge by means other than the Executive's breach or nonobservance of the Executive's obligations described in this Section 5.1. Notwithstanding the foregoing, the Executive may disclose such Confidential Information as he may be legally required to do so on the advice of counsel in connection with any legal or regulatory proceeding; provided, however, that the Executive shall provide the Company with prior written notice of any such required or potentially required disclosure and shall cooperate with the Company and use his best efforts under such circumstances to obtain appropriate confidential treatment of any such Confidential Information that may be so required to be disclosed in connection with any such legal or regulatory proceeding.

5.2 Litigation. The Executive agrees to cooperate fully with the Company, or its assignee, and counsel for the Company, or its assignee, in any and all matters involving litigation, administrative proceedings, arbitration or governmental investigations other than in matters in which the dispute is solely between the Executive and the Company. The Executive's cooperation shall include being reasonably available for, without limitation, interviews, depositions, and trial testimony. To the extent that the Executive's cooperation involves travel, the Company or its assignee will reimburse the Executive for reasonable travel expenses. To the extent that the Executive's cooperation requires him to incur out-of-pocket expenses, including without limitation, reasonable attorney's fees, the Company or its assignee will reimburse such expenses, provided they are reasonable and supported by reasonable documentation. The Executive will make available, at the expense of the Company or its assignee, copies of all documents and files requested by the Company in connection with this duty of cooperation, excluding only those documents and files which are subject to any attorney-client privilege, work product doctrine, or other legal protection from disclosure that is held solely by the Executive in his individual capacity, as opposed to any privilege or legal protection from disclosure held by the Company.

5.3 Compliance with Securities Laws. The Executive agrees not to directly or indirectly buy or sell the Company's stock or other securities as long as he possesses "material non-public information" as that term is defined by interpretations of the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder. Without limiting the generality of the foregoing, the Executive further agrees to abide by the Company's insider trading policy as in effect on the Effective Date until two business days after the public release of the financial results for the fiscal quarter in which the Termination Date occurs.

5.4 Other Positions. The Executive shall resign as of the Termination Date from any administrative roles in any agreements sponsored by the Company and its Affiliates and will execute all instruments and documents requested by the Company to effectuate this and the termination of employment and of other duties and positions as described in Section 2.1 of this Agreement.

5.5 Non-Compete. The Executive agrees not to directly or indirectly compete with the business of the Company and its successors and assigns for a period of one year following the Termination Date. The term "not compete" as used herein shall mean that the Executive shall not own, manage, operate, consult or be an executive in any business or legal entity that is in the commercial, hotel and/or residential real estate development business that competes with the Company or any of its Affiliates anywhere in Northwest Florida. Notwithstanding the foregoing, the Executive may own up to 5% of any stock or security that is publicly traded on any national securities exchange or other market system. "Compete" shall be defined as engaging in commercial, hotel and/or residential real estate development projects where total annual development costs for all such projects in Northwest Florida meet or exceed $50,000,000. The Company and the Executive acknowledge the reasonableness of this covenant not to compete and the reasonableness of the geographic area and duration of time which are a part of said covenant. This covenant not to compete is contemplated to protect the Company's legitimate business interests.

5.6 Non-Solicitation. The Executive agrees, for a period of one year from the Termination Date, that the Executive will not, without the prior written approval of the Company, directly or indirectly: (i) solicit for hire any employees of the Company or any Affiliate, or (ii) induce any employee of the Company or any Affiliate to terminate their relationship with the Company or Affiliate. The foregoing will not apply to individuals hired as a result of the use of an independent employment agency (so long as the agency was not directed to solicit a particular individual) or as a result of the use of a general solicitation not specifically directed to the Company or its Affiliate's employees.

5.7 Injunctive Relief. The Executive acknowledges and agrees that the Company will have no adequate remedy at law, and would be irreparably harmed, if the Executive breaches or threatens to breach any of the provisions of this Section 5. The Executive agrees that the Company shall be entitled to equitable and/or injunctive relief to prevent any breach or threatened breach of this Section 5, and to specific performance of each of the terms of this Section 5 in addition to any other legal or equitable remedies that the Company may have, including those set forth in Section 3.3. The Executive further agrees that he shall not, in any equity proceeding relating to the enforcement of the terms of this Section 5, raise the defense that the Company has an adequate remedy at law.

5.8 Special Severability. The terms and provisions of this Section 5 are intended to be separate and divisible provisions and if, for any reason, any one or more of them is held to be invalid or unenforceable, neither the validity nor the enforceability of any other provision of this Agreement shall thereby be affected. Furthermore to the extent any term or provision of this Section 5 would be declared invalid due to its duration, geographic scope or other term, it is the intent of the parties that the duration, geographic scope or other term be reformed to conform to the fullest extent that would be enforceable, and that the term or provision be so enforced.

6. Successors

6.1 The Executive. This Agreement is personal to the Executive and, without the prior written consent of the Company, shall not be assignable by the Executive, other than by will or the laws of descent and distribution or as described in this Section 6.1. This Agreement shall inure to the benefit of and be enforceable by the Executive's heirs, beneficiaries and/or legal representatives.

6.2 The Company. This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns.

6.3 Successors. The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume expressly and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place, and the Executive will consent to such successor's assumption. As used in this Agreement, "Company" shall mean the Company as previously defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law or otherwise.

7. Code Section 409A

7.1 Code Section 409A

(a) This Agreement and the amounts payable hereunder are intended to qualify for an exemption from, or alternatively to comply with the requirements of, Section 409A of the Code, and shall be interpreted in accordance with such intent. Notwithstanding anything in this

Agreement to the contrary, if any amount or benefit that would constitute "deferred compensation" for purposes of Section 409A of the Code would otherwise be payable or distributable under this Agreement or otherwise by reason of the Executive's separation from service, then if and to the extent necessary to comply with Code Section 409A (i) if the payment or distribution of such amount or benefit is payable in a lump sum, such payment or distribution will be delayed until the first day following the six-month anniversary of the Executive's termination of service, and (ii) if the payment or distribution of such amount or benefit is payable over time, the amount that would otherwise be payable during the six-month period immediately following the Executive's termination of service will be accumulated and paid to the Executive, without interest, on the first day following the six-month anniversary of the Executive's termination of service (or, if earlier, the date of his death), whereupon the normal payment schedule will resume.

(b) The payment of each amount payable under this Agreement shall be deemed a separate "payment" for purposes of Section 409A of the Code.

(c) Notwithstanding the foregoing, to the extent any amount payable hereunder is subject to taxes, penalties and/or interest under Section 409A of the Code, the Executive shall be solely liable for the payment of any such taxes, penalties and/or interest.

8. Full Settlement; Mitigation

The Company's obligation to make the payments provided for in, and otherwise to perform its obligations under, this Agreement shall not be affected by any set-off, counter-claim, recoupment, defense or other claim, right or action that the Company may have against the Executive or others other than a claim, right or action for fraud after the individual is judicially determined to have committed such action. In no event shall the Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Executive under any of the provisions of this Agreement and such amounts shall not be reduced, regardless of whether the Executive obtains other employment.

9. Indemnification

The Executive shall continue to have all rights to indemnification, advancement of legal fees and Directors and Officers liability insurance coverage under the Company's plans, by-laws, or other corporate documents to the full extent permitted by law and as set forth in such documentation.

10. Miscellaneous

10.1 Applicable Law. This Agreement shall, to the extent not superseded by federal law, be governed by and construed in accordance with the laws of the State of Florida, without regard to principles of conflict of laws.

10.2 Amendments/Waiver. This Agreement may not be amended, waived, or modified otherwise than by a written agreement that specifies the provision of this Agreement being amended, waived or modified, and that is executed by the parties to this Agreement or their respective successors and legal representatives. No waiver by either party to this Agreement of any breach of any term, provision or condition of this Agreement by the other party shall be deemed a waiver of a similar or dissimilar condition or provision at the same time, or any prior or subsequent time.

10.3 Notices. All notices and other communications hereunder shall be in writing and shall be deemed given when received by hand-delivery to the other party, by overnight courier, or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Executive:
Patrick Bienvenue

At the Executive's principal residence
as set forth in the Company's records.

If to the Company:
The Compensation Committee of the Board of Directors of The St. Joe Company
c/o The St. Joe Company
133 South WaterSound Parkway
WaterSound, FL 32413

or to such other addresses as either party furnishes to the other in writing in accordance with this Section 10.3. Notices and communications shall be effective when actually received by the addressee.

10.4 Withholding. The Company may withhold from any amounts payable under this Agreement such taxes as shall be required to be withheld pursuant to any applicable law or regulation.

10.5 Strict Compliance. The Executive's or Company's failure to insist upon strict compliance with any provisions of, or to assert, any right under, this Agreement shall not be deemed to be a waiver of such provision or right or of any other provision of or right under this Agreement.

10.6 Enforceability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement. If any portion or provision of this Agreement shall to any extent be declared illegal or unenforceable by an arbitrator or a court of competent jurisdiction, then the remainder of this Agreement, or the application of such portion or provision in circumstances other than those as to which it is so declared illegal or unenforceable, shall not be affected thereby, and each portion and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

10.7 Captions: Counterparts. The captions of this Agreement are for convenience of reference only, are not part of the terms of this Agreement and shall have no force or effect in the application or interpretation thereof. This Agreement may be executed in several counterparts, each of which shall be deemed an original and said counterparts shall constitute but one and the same instrument. Signatures delivered by facsimile (including, without limitation, by "pdf") shall be deemed effective for all purposes.

10.8 Entire Agreement. This Agreement contains the entire agreement between the parties to this Agreement concerning the subject matter hereof and, except as otherwise provided herein, supersedes all prior agreements, understandings, discussions, negotiations and undertakings, whether written or oral, between the parties with respect thereto. Specifically this Agreement replaces and supersedes in its entirety any prior employment and/or severance agreement between the Company and the Executive, but it does not replace any obligation of the Company or its Affiliates that is preserved under this Agreement.

10.9 Survivorship. The obligations of the Company and the Executive under this Agreement shall survive the Termination Date.

10.10 Assignment. The rights and benefits of the Executive under this Agreement may not be anticipated, assigned, alienated or subject to the attachment, garnishment, levy, execution or other legal or equitable process except as required by law. Any attempt by the Executive to so anticipate, alienate, assign, sell, transfer, pledge, encumber or charge the same shall be void.

10.11 Arbitration. Except as otherwise provided in Sections 3.3, 4.1(g) and 5.8, the Executive and the Company both agree to submit any disputes under this Agreement to binding arbitration with a mutually agreeable arbitrator and to make their best efforts to settle any disputes within 90 days. In the event this does not occur and the Executive has cooperated in the arbitration process the Company agrees to pay, to the full extent permitted by law, all legal fees and expenses which the Executive may reasonably incur as a result of any contest (regardless of the outcome thereof) by the Company or others of the validity or enforceability of, or liability under, any provision of this Agreement or any guarantee of performance thereof, plus in each case interest at the applicable Federal rate provided for in Section 7872(f)(2) of the Code.

[Signature Page Follows]

IN WITNESS WHEREOF, the Executive has hereunto set his hand and, pursuant to the authorization of its Board of Directors, the Company has caused this Agreement to be executed in its name and on its behalf by a duly authorized officer, as of the date set forth above.

THE ST. JOE COMPANY	**EXECUTIVE**
/s/ Jorge Gonzalez	/s/ Patrick Bienvenue
Name: Jorge Gonzalez	Patrick Bienvenue
Title: Chief Executive Officer	

The Executive hereby re-executes this Agreement solely with respect to the provisions of Section 4.1 thereof, effective as of the date set forth below.

EXECUTIVE

/s/ Patrick Bienvenue	November 18, 2015
Patrick Bienvenue	Date

Exhibit 21.1

THE ST. JOE COMPANY

LIST OF SUBSIDIARIES

(Includes 100% directly owned entities, indirectly owned entities and joint venture entities of which we may be a majority, equal or minority partner)

COMPANY NAME	STATE OF ORGANIZATION
Artisan Park, L.L.C.	DE
Arvida Realty, LLC	FL
Crooked Creek Utility Company	FL
Florida Timber Finance I, LLC	DE
Florida Timber Finance II, LLC	DE
Florida Timber Finance III, LLC	DE
Georgia Timber Finance I, LLC	DE
Northwest Florida Contracting, LLC	FL
Northwest Florida Timber Finance, LLC	DE
Panama City Beach Venture II, LLC	FL
Panama City Beach Venture III, LLC	FL
Panama City Beach Venture PCM, LLC	FL
Paradise Pointe, L.L.C.	FL
Park Point Land, LLC	FL
Peach Creek Aggregate Storage and Transport, LLC	FL
Plume Street, LLC	DE
Plume Street Manager, LLC	DE
Residential Community Title Company	DE
SJPPN, LLC	FL
Southeastern Land Ventures, LLC	DE
St. James Island Utility Company	FL
St. Joe Central Florida Contracting, Inc.	FL
St. Joe Club & Resorts Vacation Rentals, LLC	FL
St. Joe Community Sales, Inc.	FL
St. Joe Corporate Services, LLC	FL
St. Joe Resort Operations, LLC	FL
St. Joe SouthWood Properties, Inc.	FL
St. Joe Timberland Company of Delaware, L.L.C.	DE
SweetTea Publishing, L.L.C.	FL
Talisman Sugar Corporation	FL
The WaterSound Company, LLC	FL
Watersound Aggregate Storage & Transport, LLC	FL
Watersound Title Agency, LLC	FL
WaterSound Trail, LLC	FL

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

The Board of Directors
The St. Joe Company:

We consent to the incorporation by reference in the registration statements (No. 333-188136) on Form S-3 and (No. 333-159347) on Form S-8 of The St. Joe Company and subsidiaries (the Company) of our reports dated March 2, 2016, with respect to the consolidated balance sheets of the Company as of December 31, 2015 and 2014, and the related consolidated statements of operations, comprehensive (loss) income, changes in stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2015, and the related financial statement schedules, and the effectiveness of internal control over financial reporting as of December 31, 2015, which reports appear in the December 31, 2015 annual report on Form 10-K of the Company.

/s/ KPMG
Jacksonville, Florida
March 2, 2016
Certified Public Accountants

Exhibit 31.1

CERTIFICATION

I, Jorge Gonzalez, certify that:

1. I have reviewed this annual report on Form 10-K for the year ended December 31, 2015 of The St. Joe Company;

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.

Date: March 2, 2016

/s/ Jorge Gonzalez

Jorge Gonzalez

President, Chief Executive Officer and Director

Exhibit 31.2

CERTIFICATION

I, Marek Bakun, certify that:

1. I have reviewed this annual report on Form 10-K for the year ended December 31, 2015 of The St. Joe Company;

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.

Date: March 2, 2016

/s/ Marek Bakun

Marek Bakun

Chief Financial Officer and Principal Accounting Officer

Exhibit 32.1

CERTIFICATION

Pursuant to 18 USC §1350, the undersigned officer of The St. Joe Company (the “Company”) hereby certifies that the Company’s Annual Report on Form 10-K for the year ended December 31, 2015 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Jorge Gonzalez

Jorge Gonzalez
President, Chief Executive Officer and Director

Dated: March 2, 2016

Exhibit 32.2

CERTIFICATION

Pursuant to 18 USC §1350, the undersigned officer of The St. Joe Company (the “Company”) hereby certifies that the Company’s Annual Report on Form 10-K for the year ended December 31, 2015 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Marek Bakun

Marek Bakun
Chief Financial Officer and Principal Accounting Officer

Dated: March 2, 2016