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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

FORM 8-K

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

Date of report (Date of earliest event reported)

June 20, 2007

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**The St. Joe Company**

(Exact Name of Registrant as Specified in Its Charter)

Florida

(State or Other Jurisdiction  
of Incorporation)

1-10466

(Commission File Number)

59-0432511

(IRS Employer  
Identification No.)

245 Riverside Avenue, Suite 500  
Jacksonville, FL

(Address of Principal Executive Offices)

32202

(Zip Code)

(904) 301-4200

(Registrant's Telephone Number, Including Area Code)

Not Applicable

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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### **Item 2.01. Completion of Acquisition or Disposition of Assets.**

On April 30, 2007, The St. Joe Company and a group of its subsidiaries (collectively, the “Company”) entered into a Purchase and Sale Agreement (the “Agreement”) with Eola Capital, LLC (“Eola”) for the sale of the Company’s office building portfolio, consisting of 17 buildings with approximately 2.3 million net rentable square feet located in seven markets throughout the Southeast. The Agreement was previously disclosed on a Form 8-K dated May 3, 2007. After completion of due diligence, the Agreement was amended to revise the purchase price from \$383 million to \$380 million. Eola also assigned its purchase rights to certain of its affiliated entities (collectively, “Purchaser”).

On June 20, 2007, the Company closed the sale of 15 of the 17 properties in the office building portfolio for a cash purchase price of \$277.5 million. The Company retired approximately \$52.9 million of mortgage debt in connection with the sale of these buildings.

The purchase of the remaining two office buildings is anticipated to close in the third quarter 2007. The total purchase price of the remaining two buildings is \$100 million. The purchase price consists of cash proceeds to the Company of approximately \$42.1 million and the assumption, satisfaction and/or defeasance of approximately \$57.9 million of mortgage debt. A parcel of commercial land included in the Agreement with an allocated purchase price of approximately \$2.5 million will not be conveyed to Purchaser.

Additional information regarding these events is set forth in our press release dated June 21, 2007, a copy of which is filed as exhibit 99.1 hereto and is incorporated by reference herein.

### **Item 9.01. Financial Statements and Exhibits**

(b) The following pro forma financial statements are filed as part of this Current Report on Form 8-K:

Pro Forma Consolidated Balance Sheet as of March 31, 2007 and notes thereto

Pro Forma Consolidated Statement of Income for the year ended December 31, 2006 and notes thereto

(c) Exhibits

99.1 Press Release dated June 21, 2007.

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**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 hereunto duly authorized.

**THE ST. JOE COMPANY**

Dated: June 22, 2007

By: /s/ Janna L. Connolly  
Janna L. Connolly  
Chief Accounting Officer

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The St. Joe Company  
Pro Forma Consolidated Financial Statements

The following unaudited pro forma consolidated financial statements are based upon the Company's historical financial statements and give effect to the sale of the Company's office building portfolio, consisting of 17 buildings with approximately 2.3 million net rentable square feet located in seven markets throughout the Southeast. The sale of 15 of the 17 buildings was closed on June 20, 2007, and the sale of the remaining two buildings is anticipated to close in the third quarter 2007.

The unaudited pro forma consolidated balance sheet as of March 31, 2007 is presented as if the sale of the 15 buildings that closed on June 20, 2007 had been completed as of March 31, 2007. No unaudited pro forma consolidated statement of income for the three months ended March 31, 2007 is presented since the income from all 17 buildings was previously reported as discontinued operations in the Company's consolidated statement of income included in the Company's quarterly report on Form 10-Q for the period ended March 31, 2007. In order to be consistent with the Company's first quarter 2007 presentation, the unaudited pro forma consolidated statement of income for the year ended December 31, 2006 is presented as if the sale of all 17 buildings had occurred as of January 1, 2006.

These unaudited pro forma consolidated financial statements should be read in conjunction with the Company's annual report filed on Form 10-K for the year ended December 31, 2006 and quarterly report on Form 10-Q for the period ended March 31, 2007.

The unaudited pro forma consolidated financial statements are not necessarily indicative of what the actual financial position or results of operations of the Company would have been at March 31, 2007 or December 31, 2006 assuming the transaction had been completed as set forth above, nor does it purport to represent the financial position or results of the Company in future periods.

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**THE ST. JOE COMPANY**  
**PRO FORMA CONSOLIDATED BALANCE SHEET**  
**March 31, 2007**  
**(Unaudited)**  
**(Dollars in thousands)**

	<u>March 31, 2007</u> <u>Historical</u>	<u>Sale of Buildings</u>	<u>March 31, 2007</u> <u>Pro forma</u>
<b>ASSETS</b>			
Investment in real estate	\$ 889,300		\$ 889,300
Cash and cash equivalents	32,514	\$ 4,338 (A)	36,852
Marketable securities			—
Accounts receivable, net	17,504		17,504
Mortgage loans held for sale			—
Notes receivable	26,750		26,750
Prepaid pension asset	101,846		101,846
Property, plant and equipment, net	40,597		40,597
Goodwill, net	26,287		26,287
Other intangible assets, net	2,808		2,808
Other assets	27,123	1,524 (B)	28,647
Assets held for sale	393,396	(223,341) (C)	170,055
	<u>\$ 1,558,125</u>	<u>\$ (217,479)</u>	<u>\$ 1,340,646</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
<b>LIABILITIES:</b>			
Debt	\$ 604,664	\$ (210,000) (D)	\$ 394,664
Accounts payable	103,520		103,520
Accrued liabilities	61,318	(1,827) (B)	59,491
Income tax payable	12,143	87,521 (E)	99,664
Deferred income taxes	167,218	(67,510) (E)	99,708
Liabilities associated with assets held for sale	127,074	(58,312) (F)	68,762
Total liabilities	1,075,937	(250,128)	825,809
Minority interest in consolidated subsidiaries	7,666		7,666
<b>STOCKHOLDERS' EQUITY:</b>			
Common stock, no par value; 180,000,000 shares authorized; 104,475,065 issued at March 31, 2007	313,714		313,714
Retained earnings	1,086,158	32,649 (G)	1,118,807
Accumulated other comprehensive income	(860)		(860)
Treasury stock at cost, 30,104,211 shares held at March 31, 2007	(924,490)		(924,490)
Total stockholders' equity	474,522	32,649	507,171
	<u>\$ 1,558,125</u>	<u>\$ (217,479)</u>	<u>\$ 1,340,646</u>

See accompanying notes to pro forma consolidated balance sheet.

The St. Joe Company  
March 31, 2007  
(Unaudited)

Notes to pro forma consolidated balance sheet

- (A) Effective June 20, 2007, the Company completed its sale of 15 of the 17 properties in the office building portfolio. The Company received cash proceeds of \$277.5 million related to the sale of the 15 properties. The adjustment assumes net proceeds after closing costs totaled \$268.0 million and were used to pay down \$263.7 million of our revolving credit facility balance.
  - (B) Adjustment reflects purchaser pro-rations and escrow deposits related to the sale.
  - (C) The Company had recorded all assets and liabilities associated with the 17 properties and the Company's mid-Atlantic homebuilding operations ("Saussy Burbank") (which was sold earlier on May 3, 2007) as held for sale at March 31, 2007. The sale adjustment relates to the removal of the asset basis of the 15 properties sold. The remaining balance in assets held for sale represents the remaining two office building properties and the assets of Saussy Burbank.
  - (D) Prior to the closing of the sale of the office portfolio the Company retired mortgages in the amount of \$52.9 million (plus \$0.8 million of prepayment penalties) related to certain properties in the office building portfolio by drawing on the revolving credit facility. The Company used \$263.7 million of the sale proceeds to pay down the borrowings of \$53.7 million related to the mortgages and \$210.0 million of the outstanding balance of the credit facility as of March 31, 2007.
  - (E) The Company has recorded deferred tax liabilities of \$67.5 million related to the 15 properties. The current tax payable includes \$87.5 million of tax due on gain on sale of which \$67.5 million related to the reversal of deferred tax liabilities. The Company intends to pay the tax payable in 2007 by borrowing on its revolving credit facility.
  - (F) The Company had recorded all liabilities associated with the 17 properties and Saussy Burbank as held for sale at March 31, 2007. The sale adjustment includes assumed liabilities of \$5.4 million and the payment of mortgage debt of \$52.9 million outstanding at March 31, 2007 related to 15 of 17 properties in the office building portfolio. \$58.3 million of mortgage debt attributable to the two remaining office buildings remains outstanding at March 31, 2007. The remaining balance in liabilities held for sale represents liabilities associated with the remaining two office building properties and related liabilities of Saussy Burbank.
  - (G) The Company has reflected a pre tax gain related to the sale of the 15 properties of approximately \$53.5 million (\$33.1 million after tax) offset by \$0.8 million (\$0.5 million net of tax) in prepayment penalty costs related to mortgage debt. The gain assumes a net asset basis of \$218.0 million.
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**THE ST. JOE COMPANY**  
**PRO FORMA CONSOLIDATED STATEMENT OF INCOME**  
**(Unaudited)**  
**(Dollars in thousands)**

	Year Ended December 31, 2006		
	<u>Historical</u>	<u>Sale of buildings</u>	<u>Pro forma</u>
<b>Revenues:</b>			
Real estate sales	\$ 638,126		\$ 638,126
Rental revenues	41,003	\$ (38,948) (A)	2,055
Timber sales	29,937		29,937
Other revenues	39,126		39,126
Total revenues	<u>748,192</u>	<u>(38,948)</u>	<u>709,244</u>
<b>Expenses:</b>			
Cost of real estate sales	407,077		407,077
Cost of rental revenues	16,933	(14,935) (A)	1,998
Cost of timber sales	21,899		21,899
Cost of other revenues	41,649		41,649
Other operating expenses	77,385	(984) (A)	76,401
Corporate expense, net	51,262		51,262
Depreciation and amortization	38,844	(19,916) (A)	18,928
Impairment losses	1,500		1,500
Restructuring charge	13,416		13,416
Total expenses	<u>669,965</u>	<u>(35,835)</u>	<u>634,130</u>
Operating profit	<u>78,227</u>	<u>(3,113)</u>	<u>75,114</u>
<b>Other income (expense):</b>			
Investment income, net	5,138	1,567 (B)	6,705
Interest expense	(20,566)	10,114 (C)	(10,452)
Other, net	(526)		(526)
Total other income (expense)	<u>(15,954)</u>	<u>11,681</u>	<u>(4,273)</u>
Income from continuing operations before equity in income of unconsolidated affiliates, income taxes, and minority interest	62,273	8,568	70,841
Equity in income of unconsolidated affiliates	9,307		9,307
Income tax expense	25,157	3,256 (D)	28,413
Income from continuing operations before minority interest	46,423	5,312	51,735
Minority interest	6,137		6,137
Income from continuing operations	<u>\$ 40,286</u>	<u>\$ 5,312</u>	<u>\$ 45,598</u>
<b>Earnings per share</b>			
<b>Basic</b>			
Income from continuing operations	\$ 0.54		\$ 0.62
<b>Diluted</b>			
Income from continuing operations	\$ 0.54		\$ 0.61
Weighted average shares outstanding — basic	73,719,415		73,719,415
Weighted average shares outstanding — diluted	74,419,159		74,419,159

See accompanying notes to pro forma consolidated statement of income.

The St. Joe Company  
December 31, 2006  
(Unaudited)

Notes to pro forma consolidated statement of income

- (A) Effective June 20, 2007, the Company completed its sale of 15 of the 17 properties in the office building portfolio. The adjustment reflects the pre tax results of operations related to all 17 properties of the portfolio, including the two office buildings with an anticipated closing in the third quarter 2007. The two remaining buildings to be sold represent \$11.0 million of rental revenues, \$3.3 million of cost of rental revenues, \$0.1 million of other operating expenses and \$5.5 million of depreciation and amortization included in the adjustment.
- (B) Adjustment reflects investment income earned on net proceeds invested.
- (C) Interest expense adjustment includes interest on mortgage debt related to the 17 properties in the office building portfolio. The two remaining buildings to be sold represent \$3.3 million of interest expense included in the adjustment. In addition, interest expense includes an adjustment of \$3.5 million related to interest on our revolving credit facility which was assumed to have been paid down with our purchase proceeds.
- (D) Income tax expense adjustment includes tax expense related to the 17 properties in the office building portfolio. The two remaining buildings to be sold represent \$0.5 million of tax expense.



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St. Joe Media Contact: Jerry M. Ray  
904 301.4430  
[jray@joe.com](mailto:jray@joe.com)

St. Joe Investor Contact: Mike Daly  
904.301.4302  
[mdaly@joe.com](mailto:mdaly@joe.com)

The St. Joe Company  
245 Riverside Avenue  
Jacksonville, FL 32202  
904 301.4200

**FOR IMMEDIATE RELEASE**

**THE ST. JOE COMPANY (NYSE: JOE) COMPLETES  
THE SALE OF 15 OFFICE BUILDINGS FOR \$277.5 MILLION**

**The Sale of Two Additional Buildings to be Completed in a Subsequent Closing**

**Jacksonville, Florida** — (June 21, 2007) — The St. Joe Company (NYSE: JOE) announced today that it completed the sale of fifteen commercial office buildings to Eola Capital, LLC for \$277.5 million. The building portfolio consists of approximately 1.8 million net rentable square feet located in five markets in the Southeast.

As provided by the initial sales agreement, two additional buildings, with 450,000 net rentable square feet, are expected to close for approximately \$100 million in the third quarter.

“Early on in our transition from a regional industrial conglomerate to a real estate development company, we recognized the need for a strategy that could maximize the benefit of the earnings from our very low-basis land for shareholders,” said Peter S. Rummell, JOE’s chairman and CEO. “Our investment building portfolio strategy was implemented to take advantage of JOE’s unique circumstance. Beyond a sound strategy, our timing has also been excellent. We were fortunate to have been the buyer of these office buildings at the right time, and we believe we are also selling them at the right time. We are pleased with how this portfolio has performed.”

**About JOE**

The St. Joe Company (NYSE: JOE), a publicly held company based in Jacksonville, is one of Florida’s largest real estate development companies. We are primarily engaged in real estate development and sales, with significant interests in timber. Our mission is to create places that inspire people and make JOE’s Florida an even better place to live, work and play. We’re no ordinary JOE.

More information about JOE can be found at our web site at [www.joe.com](http://www.joe.com).

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**Forward-Looking Statements**

Statements in this press release that are not historical facts are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, including statements about our beliefs, plans, goals, expectations and intentions. Forward-looking statements involve risk and uncertainty, and there can be no assurance that the results described in such statements will be realized. Such statements are based on our current expectations and we undertake no obligation to publicly update or reissue any forward-looking statements. Risk factors that may cause the actual results to differ are described in this press release and in various documents we have filed with the Securities and Exchange Commission, including our Annual Report on Form 10-K for the year ended December 31, 2006.

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