The St. Joe Company

2021 Annual Meeting of Shareholders

May 18, 2021

CORPORATE PARTICIPANTS

Bruce Berkowitz, *Chairman of the Board*

James Hagan, *Inspector of Elections*

Jorge Gonzalez, *President and Chief Executive Officer*

PRESENTATION

Operator

Good morning and welcome to the 2021 Annual Meeting of Stockholders for the St. Joe Company.

I'd like to turn the meeting over to Bruce Berkowitz, Chairman of the Board. Bruce?

Bruce Berkowitz

Thank you. Good morning, ladies and gentlemen, I am Bruce Berkowitz, Chairman of the Board of the St. Joe Company. It is my pleasure to welcome all of you to our annual meeting that is being held in a virtual meeting only format via the internet with no physical in person meeting.

Shareholders who logged into the meeting through the virtual shareholders website, using their control number, are automatically registered. Also, we may have guests and shareholders that vote through their brokers that have logged in to attend the meeting.

It is now shortly after 9am Central, 10am Eastern Time on May 18, 2021, and this meeting is officially called to order.

As is our custom, we will conduct the business portion of our meeting first. After the formal business portion of the meeting has been adjourned, we will provide an opportunity for questions and answers. Only validated shareholders may ask questions in the Q&A section on the shareholders portal. Out of consideration for others, please limit yourself to no more than two questions. We will answer as many questions this morning as time allows. Though we may not be able to answer every question submitted, we will do our best to provide a response to as many as possible. The website is open for you to submit your questions.

We will conduct this meeting in accordance with the Agenda and Rules of Conduct posted on the virtual shareholder portal. To ensure an orderly meeting, we require that all participants abide by these rules.

Now I would like to introduce the other members of the Board in attendance. Cesar Alvarez, Howard Frank, Jorge Gonzalez, and Thomas Murphy. Also with us today are representatives of Grant Thornton, the Company's independent registered public accounting firm who will be available to answer any appropriate questions during the Q&A portion of the meeting.

The Company's General Counsel, Lisa Walters, will act as the Secretary of the Meeting.

We are being assisted today in the tabulation of proxies and ballots by James Hagan from Broadridge Financial Solutions. At this time, I appoint James Hagan as Inspector of Elections.

The Notice of the meeting has been mailed to each shareholder of record as of March 24, 2021. The Inspector of Elections has informed me that 55,058,214 shares of the Company's voting stock are present in person, or by proxy, constituting a quorum for today's meeting.

A list of shareholders on March 24, 2021, the record date, is on the virtual meeting website and may be inspected by any shareholder who is signed in. The final report of the Inspector of Elections will include the votes, if any, of shareholders present and voting during the meeting.

The Company's mailing agent, Broadridge Financial Solutions, has provided an affidavit of mailing to show that notice of the meeting was given on or about April 8, 2021. A copy of both the notice and the affidavit will be incorporated into the minutes of this meeting.

Next, I will describe each proposal to be acted today, and then we'll take the vote. Since no director nominations or proposals for business were properly filed by a shareholder in advance of this meeting, the business of this meeting is limited to the following three proposals.

The first proposal before the shareholders is the election of five directors to serve for a one-year term until the next Annual Meeting. I am standing for re-election as a director today along with the following nominees: Cesar Alvarez, Howard Frank, Jorge Gonzalez, and Thomas Murphy. All of these nominees are present today. We recommend the election of these nominees.

The second proposal is the ratification of the appointment of Grant Thornton as our independent registered public accounting firm for the 2021 Fiscal Year. The Audit Committee retained the services of Grant Thornton to audit the Company's financial statements for 2021, and the Board recommends that the shareholders ratify the appointment of Grant Thornton.

The third proposal is a proposal to approve, on a nonbinding, advisory basis, the compensation paid to our named executive officers, as described in the Compensation Discussion and Analysis section, the compensation tables, and related narrative disclosure set forth in the Company's 2021 Annual Meeting proxy statement. We recommend the approval of the compensation of our named executive officers.

We will now vote on the proposals. Any shareholder who has not yet voted, or wishes to change their vote, may do so by clicking Voting on the virtual meeting website and following the instructions there. Shareholders who have sent in proxies or voted via telephone or internet, and do not want to change their vote, do not need to take any further action.

Since everyone wanting to vote has done so, the polls are now closed. Will the Inspector of Elections please report the results of the balloting when you are ready.

James Hagan

Mr. Chairman, this initial tally is subject to verification and the final tabulation may reflect small changes in the vote I have announced. The final tabulation will be set forth in the formal report of the Inspector of Elections to the Secretary of the Company, which will be made after the count has been verified.

I certify that a majority of the votes cast has voted for the election of each of the nominees as director of the Company. In addition, the votes cast favoring the ratification of the appointment of Grant Thornton has exceeded the votes cast opposing the action. Finally, the proposal to approve the compensation of the named executive officers has received more votes for than votes against. Thank you.

Bruce Berkowitz

Thank you. I hereby declare that the director nominees have been duly elected; that the appointment of Grant Thornton as the Company's independent registered public accounting firm has been ratified; and that shareholders approved the compensation of the named executive officers. This concludes the official business of the 2021 Annual Meeting. The meeting is adjourned.

Prior to opening up for questions, I will ask Jorge Gonzalez, the Company's President and Chief Executive Officer, to provide a brief overview of the Company operations. But first, I would like to explain why I'm a shareholder of St. Joe, and the answer is quite simple. St. Joe has the right people, attitude and culture for long term value creation. My vision and Management's are aligned.

Management is better than hoped for. My expectations are more optimistic than at any time after examining Joe's assets, strategic position, sales, cash flows and trends. The world is recognizing Northwest Florida's beaches, climate, amenities, and its citizens that understand what is possible and important. I want to thank our communities, partners and people. I want to thank Jorge, who is an excellent leader with tremendous respect for all stakeholders.

Now, Jorge will provide an overview of Joe.

Jorge Gonzalez

Thank you, Bruce. Good morning, everyone. We want to thank everyone for joining us this morning. We miss having our annual meetings in person, especially because they are an opportunity for our shareholders to visit the area and our assets. We look forward to having next year's annual meeting in person.

Earlier this morning, before the market opened, we filed the Form 8-K, which included a presentation that I'm about to go over with you. The presentation has a lot of information, so I only plan to go through the major highlights this morning. It will be posted in the Investor Relations section of our website, so you can refer to it after the meeting. Our website is joe.com. Immediately after the presentation, Bruce and I will be glad to take your questions.

Slide 2—and you can of course follow along the presentation—is a new measure we are introducing today that we intend to disclose quarterly and update quarterly. The new measure is cash generated for distribution or investment, or CGFDI for short. It provides insight into the cash being generated by the Company. This measure is a non-GAAP financial measure. The appendix contains the reconciliation of the measure.

This slide tracks both the cash and net income over the last five years. It shows year-over-year growth in cash generation culminating in 2020 with $71.6 million in cash generated by the Company, compared to $45.5 million in net income. Also of note, on the right hand side of the slide, you can see the cash generation in the first quarter of 2021 of $20.3 million compared to $8.1 million in the first quarter of 2020. This is significant because the first quarter is typically and historically our slowest quarter, so we're off to a good start this year.

Slide 3 shows revenue net income and cash generation by the business on a per share basis from 2016 to 2020 with all three measures showing an upward trajectory, with some variation, unique to each measure, especially comparing net income with cash generation.

Slide 4, as revenue has been growing every year since 2016, our operations are becoming more efficient. Revenue has grown from $96.9 million to $160.6 million while operating and corporate expenses have been reduced as a percentage of revenue from 24% to 14%. In actual dollars, the operations and corporate expenses have essentially remained the same over this five-year period, roughly at around $23 million.

Slide 5, we have been executing a flexible owner-oriented capital allocation strategy of share buy-backs, growth investments, and cash dividends. This slide shows a result of that strategy over the last five years, with the green representing share buybacks being the major portion of the first few years, and growth investment or the blue increasing in the latter years.

Slide 6 is a snapshot of sources and uses of capital in the year 2020. Sources are on the left-hand side, it's the left hand side of the slide with the pie chart. Of the $186 million, 39% are sourced from cash generated by the Company, 36% project debt, 21% balance sheet cash, and 4% joint venture partner contributions. On the right-hand side are the uses of the capital, and as you can see, 93% in 2020 went towards growth investments.

Slide 7. Since 2015, $590 million have been returned to shareholders in the form of repurchasing 36% of the shares of the Company at an average price of $17.64.

Slide 8. At the 2019 annual meeting, we set milestones by asset type to achieve by 2021. These milestones are important to us because they represent future revenue. This slide shows where we are in achieving these milestones as of the end of the first quarter of 2021. Homesites is the only annual measure, it's on a year-per-year basis. In 2020, we sold 509 Homesites representing 51% of the milestone.

Of note, in the first quarter 2021 we sold 205 Homesites so we're off to a good start in 2021. Apartment and senior living units were at 94% as of the end of the first quarter. Hotel rooms, we've exceeded the milestone at 104%. Club memberships, we've exceeded the milestone at 123%. Commercial Square Feet, we are at 83% of the milestone as of the end of the first quarter of 2021.

Slide 9 shows the trajectory of Homesite sales over the last five years, Homesite under contract and Homesite sales in the first quarter of 2021. We are experiencing strong demand across our residential communities in Bay, Walton and Gulf counties, from workforce housing to high end luxury homes. We are noticing that the buyers are more permanent as opposed to second home or vacation rental buyers.

We're also noticing a broader geography of the homebuyers from outside of our traditional market areas. We are seeing homebuyers from parts of the country that we hadn't seen before; far West, the Midwest and even the Northeast.

Our builders are ahead of schedule in all of their take-down agreements with us. We're also receiving regular phone calls from builders who are not in this market, who have an interest in entering this market. As an example of the demand that we have in our market, in April, we had the second release of our Camp Creek Homesites, 38 lots, we didn't have an agent representing us, a listing agent. We created an online platform, and we went directly to the market with those Homesites. Within 48 hours after the release of the 38 lots, all of them were under contract for an average price of $478,000. These are just for the Homesites, not including the homes.

Slide 10 is our residential Homesite pipeline. The important thing to note with this slide is that these don't represent all of our residential entitlements, these are simply those projects that we have placed in our assembly line for production. The production generally occurs from right to left, the column that is just to the left of total. The projects move forward from that first column of entitlements with the concept plan to engineering and permitting) and then finally platted or under development and then that is what allows us to transact and help sell the Homesites.

Slide 11. This slide shows the Apartment and Senior Living portfolio with the units completed in blue, and the units under construction in gray. We continue to experience strong demand in our apartment rental portfolio with tenants moving in almost immediately after a building receives a certificate of occupancy.

Slide 12 is a more detailed breakdown of our apartment projects by name, number of units, and location.

Slide 13 shows our hotel rooms completed in blue and under construction in gray. We are experiencing high occupancy and high average daily rates for our hotels from the boutiquish Resort high end on 30A, and also the TownPlace Suites in Panama City Beach and Bay County.

Slide 14 is a more detailed breakdown of our hotel projects, again by name, number of hotel rooms and location.

Slide 15, growth trajectory and club memberships. Sales in our club memberships remain very strong. We're also experiencing a very similar dynamic as with our residential Homesites, we're seeing club members join from geographies that are outside of our traditional geographies, Far West, Midwest, even Northeast. Last year was a record-breaking year for us, we sold more club memberships than any year in our history, and we finished the year strong in the month of December with a record sales of club memberships than we've had in any other month.

In 2021, the momentum has continued. In March of this year, we broke the December record, and we sold more club memberships in March than we did in last December.

Slide 16 shows our Commercial and Operational Square Feet portfolio. The blue, our Commercial Square Feet that we lease; the gray, are under construction; the lighter blue, our Operational Square Feet, like for example, the Busy Bee or our restaurants; and then the yellow, our leases that we have executed to be constructed, built to suit leases. It's important to note that all of these Square Feet in our Commercial portfolio are market driven. We don't build on spec, and we focus a lot of our commercial assets to our villages next to our residential uses like WaterSound Town Center, and the West Bay Center, which is a commercial area we're in the process of planning next to Latitude.

Slide 17 is a more detailed breakdown of our Commercial portfolio by name, location, and square feet.

Slide 18, these are planned new construction starts in the next 19 months, essentially the rest of 2021 and 2022. As you can see, we have a total of 36 new projects we intend to begin construction over the next 19 months. Nine projects in our Commercial segment, 10 in our Hospitality segment, and 17 in our Residential segment. Obviously, these projects represent future revenue growth.

We're excited to be working on these projects. In order for us to start these projects this year or next year, we needed to have started the planning, engineering, and permitting of these projects a while back, which we did. Several of these projects, we've already broken ground on. After the first quarter, Watermark Senior Living broke ground on in May of this year. Hotel Indigo, we broke ground in May of 2021. Then in our Residential segment, we broke ground on WaterSound Origins, Phase 3. Also, College Station, Phase 3, and WindMark Beach, Creekside 1C. A lot of these projects that we have in the pipeline we've started, and we look forward to starting the rest of them in 2021 and 2022.

Also of note, we've been working on finalizing a couple of joint ventures. One of them is for a golf cart agency that we intend to construct in the commercial area of WaterSound in the WaterSound Town Center, also in the West Bay Center, which is the commercial area next to Latitude.

Another joint venture that we're in the process of finalizing is an apartment management joint venture. As our apartment portfolio has grown, we thought the timing was right for us to be in that business and essentially turn an expense into revenue. We anticipate growing our Apartment portfolio over the next few years, so that joint venture is going to be an entity that is going to grow in time.

Slide 19. We believe we're only starting to scratch at the surface. The majority of current revenues are from approximately 2% of our land holdings, so we have a lot of runway for future growth.

Slide 20, our surging demand. These are the factors that we believe are the reason for it. The first one is the Discovery Northwest Florida. Like I mentioned before, we're seeing residents and vacationers from outside of traditional geographic markets. We're also seeing less seasonality, more permanent residents. We believe the growth of the virtual work environment has contributed to this factor, with worker and entrepreneur flexibility to work and live anywhere.

We hear this next one a lot from residents that move to our area, quality of life and safety. They feel our area is family oriented, has a natural beauty and a lot of open spaces. We also continue to see transportation access to the region; both air and ground continue to improve.

What is around the corner? What are some catalysts that we're seeing that will have accretive value to the region and to our assets? The first one is a redevelopment of Tyndall Air Force Base; the Department of Defense has indicated they want Tyndall to be the Air Force Base of the future. Congress has appropriated $4.95 billion; more appropriations are anticipated for the redevelopment of Tyndall.

Obviously, we believe that direct and indirect job creation and off base housing needs are going to have a positive impact in our region and for us, and it's going accelerate the part of our holdings that are in Panama City, East Bay County, Mexico Beach and Port St. Joe.

The second was Latitude Margaritaville WaterSound. Significant demand for the first release of homes, there was a lottery a few weeks ago. The demand is 3x what the number of Homesites and homes are going to be in the first release. Residents are expected in late 2021. Obviously, we've talked a lot in the past about the scale of this project, 3,500 homes, with the ability to expand it to tens of thousands.

Two aspects of it that we also believe are going to be very positive for us beyond the numbers.

Number one is going to be an addition of more permanent residents, less seasonality. Latitude is not going to be a vacation short term rental community; it's going to be a community for permanent residents. As these residents move in, they're going to live here full-time, year round, which is going to have a ripple effect to a lot of our assets in the region.

The second aspect of it is it's going to expose Northwest Florida to a broader and more diverse geographic market, which is going to continue the trend that we started seeing last year.

The third catalyst event is an announcement we made a few weeks ago about TMH and FSU College of Medicine, creating a healthcare campus on State Road 79 in Bay County. That campus is going to have a clinical, research and teaching component. Obviously, it's going to be very helpful to Latitude. It's fairly close to the Latitude community but it's going to have a benefit to us that's beyond Latitude. Essentially, it is going to be an attraction for physicians and research dollars to the area, and the location is very central, so we believe it's going to have a positive impact in Bay County and also Walton County.

Slide 22, our assets are the community. We are a very community-based Company. We are believers in doing well by doing good. We often say the rising tide lifts all boats so we do a lot of things to seed the local communities. Our foundation, the St. Joe Community Foundation, has donated over $29 million in Northwest Florida towards education, health care, environment, arts and culture. The Company has donated thousands of acres for public infrastructure.

We vacated our headquarters to allow for a new public magnet STEAM High School last year, which essentially won the Florida Department of Education's 2020 Commissioner's Business Recognition Award. Our Bay-Walton Sector Plan has an extensive framework with conservation water quality protection embedded in it, and we're actively restoring and enhancing over 10,000 acres of wetlands. We're also a corporate leader in the region with a very diverse management team that not only reflects our region but exceeds it.

Why Joe? Slide 23. Well, we believe we have a geographic tailwind. The Discovery Northwest Florida is in process with more people from more diverse locations. Since the pandemic, Panama City ranked 8 out of 926 metro areas for the biggest increase in net migration. This was based on a study by the New York Times. Walton County continues to be one of the fastest growing counties by percentage in the entire country. Also, Panama City Beach was recently ranked as the number one beach in the country with 19 million visitors according to Newsweek.

As Northwest Florida grows, we are well positioned with a strong brand, land, entitlements, and a proven execution muscle. We're continuing to expand a reoccurring revenue streams with a wide range of asset types, pricing, and demographics and we're vertically integrating and widening the project pipeline. We continue to execute a flexible or owner-oriented capital allocation strategy, we share buybacks, acceleration of growth and dividends.

And then lastly, but probably most importantly, we believe we truly have a multi-generational opportunity with our Company. We're only scratching at the surface with 89% of our revenues and 2% of our land holdings. We continue to create scaled efficiencies and operation, and our land values are appreciating.

The next couple slides are the appendix, which is the reconciliation of the non-GAAP financial measure, the cash generation measure that we introduced in the first slide, and this is the reconciliation in Slide 25.

Slide 26 is a Land Holdings and Projects map in primarily in Bay, Walton and Gulf. This identifies all of our existing projects and the projects that are under construction and in planning.

With that, we would like to now entertain questions.

Bruce Berkowitz

I will now open the floor for questions and discussion.

Jorge Gonzalez

Okay. I'll read the first question. First question is many successful recurring revenue projects are coming online and positively impacting revenue and cash flow, and both Bruce and Jorge have made comments about St. Joe just beginning to scratch the surface of its opportunity. Given this, it would seem appropriate for St. Joe to increase the levels it is willing to repurchase shares. Historically, the Company has only repurchased shares at around $18 and below. Could you please share your appetite for share repurchase at current levels? Thank you.

Bruce Berkowitz

I'll start that out—Bruce. We look every quarter at share repurchases, growth projects. We started a dividend. We have a share buyback program in place. The board discusses the share buy program every quarter, every quarter share buyback prices are set, and we will continue that process, especially when we have excessive shareholder equity. But we are viewing it at all times, and we will make the appropriate decisions. Jorge, you have anything to add on that?

Jorge Gonzalez

Just to augment what Bruce said. In the presentation we just went through, we emphasized our flexible capital allocation strategy of share buybacks, investment and growth in cash dividends. We're going to continue focus on those three aspects of our capital allocation, and Bruce is absolutely correct, this is something that the Board is focused on. We track, we monitor, we measure, and we make those decisions on a quarter-by-quarter basis.

We're going to move on to the next question. Could you please give shareholders more information about WaterSound title and WaterSound closings? How they complement the existing St. Joe businesses, and can you quantify their profit potential over the long term?

So, this is a part of our strategy to vertically integrate. As we develop communities, as we sell Homesites, as we sell properties, obviously, closings are part of that supply chain or assembly line, which traditionally have been an expense for us in the past. The driving rationale for us getting into that business and other similar businesses is essentially to turn those expenses into profits. We think there's great potential with that business for us. As an example, our Title agency is going to be conducting all the closings at Latitude, which are going to be very scalable over a long period of time.

We're just starting those businesses, and just starting them recently. We can't still quantify very precisely their profit potential over the long term, but it is something that we're going to be measuring in providing more information over time.

Bruce Berkowitz

St. Joe is focused on making every inch count, every dollar count and trying to turn every cost into revenue.

Jorge Gonzalez

That's absolutely correct.

Next question, what happened to the Sky Zone Trampoline Park, there's no mention of it in the 2020 Annual Report?

That was a project that we had in our pipeline. Obviously, the pandemic and how the pandemic has affected that particular type of operation was a factor in us making the decision to not move forward with it at this point in time. It's not a terminal decision. We think that type of facility has good use in certain locations. But the pandemic and the effect on that type of operation was the reason why we decided not to move forward with it.

Bruce Berkowitz

As you see the last chart from our presentation. I mean, St. Joe has a significant number of projects, and there are many, many projects behind the projects that you were seeing on the last page of the presentation.

Well, that ends the questions. I would like to thank you all for joining our 2021 Annual Meeting. We look forward to answering your questions next year. Thank you.

Jorge Gonzalez

One last quick thing. We did post a video on our website, which shows our assets, both existing and under construction. You can go to the joe.com website and look for the new video that we posted. Thank you.

Operator

That concludes the St. Joe Company's 2021 Annual Meeting of Stockholders. Thank you for attending. You may now disconnect.