

## Risk Factors Comparison 2024-02-21 to 2023-02-22 Form: 10-K

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can generally be identified by our use of forward-looking terminology such as "may," "will," "expect," "intend," "anticipate," "estimate," "believe," "continue" or other similar expressions concerning matters that are not historical facts. The Company cautions that its forward-looking statements involve risks and uncertainties, and while we believe that our expectations for the future are reasonable in view of currently available information, you are cautioned not to place undue reliance on our forward-looking statements. All business decisions involve assessing known risks. However, some risks may be unknown with changing socio-economic, market conditions and interest rates. Estimates are used to assess, among other things, capital allocation decisions. Actual results or events may differ materially from estimates and those indicated in our forward-looking statements as a result of various important factors. Such factors include, but are not limited to, those discussed below. Forward-looking statements are only as of the date they are made, and the Company undertakes no duty to update its forward-looking statements except as required by law. You are advised, however, to review any further disclosures we make on related subjects in our subsequent Forms 10-Q, 8-K and other reports filed with the SEC. You should carefully consider the risks described below, together with all of the other information in this Form 10-K. The risks described below are not the only risks facing us. Moreover, we operate in a very competitive and rapidly changing environment. New risk factors emerge from time to time and it is not possible for us to predict all such risk factors, nor can we assess the impact of all such risk factors on our business or the extent to which any factor, or combination of factors, may affect our business. 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 may be materially adversely affected and could cause our actual results to differ materially from the results contemplated by the forward-looking statements in this report and in the other public statements we make. Strategic and Competitive ~~Risks We~~ **Risks We** may not be able to successfully implement our business strategy. Our business strategy consists of developing our residential real estate and expanding the scope of our hospitality assets and services, our commercial portfolio of income producing properties and our other ventures to build recurring revenues and enhance enterprise value, while always maintaining sufficient enterprise liquidity. Management may fail in assessing risks related to this strategy, profitably maintaining and growing operations and allocating capital. We may also face risks from unidentified issues not discovered in due diligence of operations and investments. Management may fail in estimating and most efficiently allocating cash in excess of operational and strategic investment needs, including to shareholders by dividends and the repurchase of common stock. Management may also fail to accurately forecast financial results, and, as a result, actual results may vary greatly from management estimates. As of December 31, 2022-**2023**, we had approximately \$ **996.1, 018.3-6** million of real estate investments, \$ **50.66. 0-4** million of investment in unconsolidated joint ventures and \$ **39.66. 6-0** million of property and equipment, net recorded on our books ~~that may be~~ **at depreciated cost basis** subject to impairment **testing**. If market conditions were to deteriorate, our estimate of undiscounted future cash flows may fall below their carrying value and we may be required to take impairments, which would have an adverse effect on our results of operations and financial condition. Existing and planned operations utilize estimates of revenue, costs, profits, growth, and real estate market values. We face significant competition across our business units. We compete with local, regional and national real estate leasing and development companies and homebuilders, some of which may have greater financial, marketing, sales and other resources than we do. Hospitality operations are subject to significant competition from other hospitality providers and lodging alternatives. Our ability to remain competitive and to attract new and repeat guests, customers and club members depends on our success in distinguishing the quality and value of our products and services from those offered by others. Competition from real estate leasing and development companies and homebuilders may adversely affect our ability to attract tenants and lease our commercial, multi-family and senior living properties, attract purchasers and sell residential homesites and commercial real estate and attract and retain experienced real estate leasing and development personnel. Labor markets in the industries in which we operate are also competitive, which have led to increased labor costs in recent years. We must attract, train and retain a large number of qualified employees while controlling related ~~labor-~~ **labor** costs. In addition, we face competition for tenants from other retail shopping centers and commercial facilities, as well as for our multi-family and senior living communities. ~~The forestry business is also 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 will not have a material adverse effect on our business, results of operations, cash flows and financial condition. A decline in general economic conditions, particularly in our primary market locations, could lead to reduced consumer demand for our products and services. Demand for our products and services is sensitive to changes in economic conditions over which we have no control, including the level of employment, consumer confidence, consumer income, consumer discretionary spending, consumer preferences, inflation, the availability of financing, **changes in fiscal monetary policy** and interest rate levels. In addition, the real estate market is subject to downturns, and our business is especially sensitive to economic conditions in Northwest Florida, where our developments **and assets** are located, and, more broadly, the Southeast region of the U. S., which in the past has produced a high percentage of customers for our products. If market conditions experience volatility or worsen, tenant and other customers' demand may materially decline. For example, ~~throughout 2022 over the past several years~~, we **have** faced macroeconomic headwinds caused by, among other things, inflation, **rising elevated** interest rates, **higher insurance costs**, supply chain disruptions, **financial institution disruptions**

and geopolitical conflicts and the continuing recovery from the COVID-19 pandemic, which impacted buyer sentiment. While demand across our segments remained strong despite these challenges, our business, and residential segment in particular, was impacted from the aforementioned macroeconomic factors, including insurance costs, supply chain disruptions, financial institution disruptions, cost increases and rising elevated interest rates, which, for example, have extended homesite and home deliveries in certain residential communities and increased operating costs. Although these delays generally have not resulted in increased cancellation rates, and therefore only impacted the timing of revenue recognition of our homesites, if conditions worsen or demand declines, we could experience cancellations that could adversely impact our business. We and the real estate industry in general may be adversely affected during periods of high inflation, primarily because of higher construction and operating costs. We may invest in new business endeavors..... financial condition could be adversely affected. Our leasing projects are subject to a variety of risks that could impact returns. Our business strategy includes the development and leasing of multi-family and senior living properties, management of commercial properties and commercial assets for sale. These commercial developments may not be as successful as estimated due to leasing related risks, including the risk that we may not be able to lease new properties or obtain lease rates that are consistent with our projections, as well as the risks generally associated with real estate development. Additionally, development of leasing 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, among other things: • fluctuations in the general economy; 8 • our ability to obtain construction or permanent financing on favorable commercial 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 8 • 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. Failure to lease new properties or obtain lease rates that are consistent with our projections or significant time lags between commencement and completion of a commercial project may lead to lower than anticipated returns, which could adversely impact our ability to successfully execute our business strategy. We face risks stemming from our strategic partnerships. We currently maintain, and in the future may seek additional strategic partnerships, including the formation of joint ventures (“JVs”), to develop real estate or to pursue other business activities, capitalize on the potential of our residential, hospitality and commercial opportunities and maximize the value of our assets. Certain of these JVs may be material to our business. For example, for the year ended December 31, 2023, our equity in income from the unconsolidated Latitude Margaritaville Watersound JV accounted for over 20 % of our pre-tax income. Our partners may take actions contrary to our instructions or requests, or contrary to our policies or objectives. We may not have exclusive control over the development, financing, management and other aspects of the partnership, which may prevent us from taking actions that are in our best interest but opposed by our partner. Our partners may 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 partnership. Our partners may take actions that subject us to liabilities in excess of, or other than, those contemplated. We may disagree with our partners about decisions affecting the partnership, which may result in litigation or arbitration that increases our expenses, distracts our officers and directors and disrupts the day-to-day operations of the property or business, which may delay important decisions until the dispute is resolved. Actions by our partners may subject the JV to liabilities or have other adverse consequences, including if the market reputation of a partner deteriorates. If a JV agreement is terminated or dissolved, we may not continue to own or operate the interests or investments of the JV or may need to purchase such interests or investments at a premium to the market price to continue ownership. In addition, we may not have sufficient resources, experience and / or skills to manage our existing JVs or locate additional desirable partners. Our real estate investments are generally illiquid. Real estate and timber holdings are relatively illiquid. It may be difficult for us to sell such assets if the need or desire arises, which may limit our ability to make rapid adjustments to the size and content of our property assets. Illiquid assets typically experience greater price volatility, as a ready market does not exist and therefore can be more difficult to value. In addition, validating third party pricing for illiquid assets may be more subjective than more liquid assets. As a result, if we are required to liquidate all or a portion of our real estate or timber assets quickly, we may realize significantly less than the value at which we have previously recorded our assets. This impact may also be exacerbated in periods of general economic instability and capital markets volatility. We We may invest in new business endeavors or product lines, which are inherently risky and could disrupt our ongoing business and present risks not originally contemplated. In recent years, we have invested, and in the future may invest, in new business endeavors and product lines. New endeavors may involve new risks and uncertainties and may amplify existing risks, including additional competition, distraction of management from current operations, greater-than-expected liabilities and expenses, economic, political, legal and regulatory challenges associated with operating in new businesses or product lines, inadequate return on capital and potential impairment of tangible and intangible assets. New ventures are inherently risky and may not be successful. In addition, we may face difficulty integrating new businesses or product lines, assimilating new facilities and personnel and harmonizing diverse businesses and methods of operation. If any of our business endeavors are unsuccessful and we fail to realize the expected benefits of any new investment or product line or are unable to successfully integrate new businesses or product lines, our business, results of operations, cash flows and financial condition could be adversely affected. 9 We face risks associated with short-term liquid investments U. S. Treasury Bills. We hold continue to have significant cash balances that are invested in a variety of short-term U. S. Treasury Bills, investment-grade investments that are intended to preserve principal value and maintain a high degree of liquidity. We have exposure to credit risk associated with our short-term securities U. S. Treasury Bills and these instruments are 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 may also decrease the value of our any future investments in investments – debt securities (“Securities”). The market value of these such potential future investments is will be subject to change from period-to-period, especially in light of the

**financial institution disruptions and geopolitical conflicts** continuing recovery from the COVID-19 pandemic which has **have** caused market volatility. Our Securities **currently have historically include included** investments in U. S. Treasury Bills **classified as investments – debt securities**. Credit- related impairment losses can negatively affect earnings. Investments in securities and funds are not insured against loss of principal. Under certain circumstances we may be required to redeem all or part of **an any future** investment, which may result in a loss. Our investments are supervised and directed by Fairholme Capital Management, L. L. C. (**“ FCM ”, an investment advisor registered with the SEC**) pursuant to the terms of an Investment Management Agreement, as amended, (the “ Investment Management Agreement ”). See Note 5. Investments included in Item 15 of this Form 10- K for additional information. ~~9RISKS~~ **RISKS** RELATED TO THE OPERATION OF OUR BUSINESS SEGMENTS We are exposed to risks associated with commercial and residential real estate development and construction. Real estate development and construction, including homebuilding activities, entail risks that may adversely impact our results of operations, cash flows and financial condition, including: • general market conditions; • construction delays or cost overruns, which may increase project development costs; • labor costs and shortages of skilled labor, particularly as a result of the recent low unemployment rate in the U. S. and Florida especially; • supply chain disruptions and material shortages; • claims for construction defects after property has been developed, including claims by purchasers and property owners’ associations, and claims for construction defects arising from third party contractors; • the discovery of hazardous or toxic substances, or other environmental, culturally- sensitive, or related issues; • an inability to obtain required governmental permits and authorizations; • an inability to secure tenants necessary to support commercial, multi- family or senior living projects; • compliance with building codes and other local regulations; • unavailability of raw materials when needed, which may result in project delays, stoppages or interruptions, which may make the project less profitable; • insufficient infrastructure capacity or availability (e. g., water, sewer and roads) to serve the needs of our projects; • instability in the financial industry may reduce the availability of financing; • delay or inability to acquire property, rights of way or easements, which may result in delays or increased costs; and • weather- related and geological interference, including hurricanes, landslides, earthquakes, floods, drought, wildfires and other events, which may result in delays or increased costs. The construction and building industry, similar to many other industries, **are have experienced, and may continue to experiencing experience** worldwide supply chain disruptions and cost increases due to a multitude of factors, including inflation, **rising elevated** interest rates, **higher insurance costs, labor shortages and** geopolitical conflicts, such as the conflict between Russia and Ukraine, the **continuing recovery from COVID-19 conflict in the Gaza Strip and the general unrest in the Middle East. Materials, parts** and labor shortages. **Materials, parts and labor costs 10costs** have increased in recent years, sometimes significantly and over a short period of time. In addition, material time delays or increases in construction costs resulting from the aforementioned factors may impact our ability to realize anticipated returns on such projects, impact the timing of revenue recognition, lead to cancellations and otherwise materially adversely affect our business, results of operations, cash flows and financial condition. ~~As discussed above under “ A decline in general economic conditions, particularly in our primary market locations, could lead to reduced consumer demand for our products and services,” our residential segment has been particularly impacted year- over- year as a variety of macroeconomic factors have caused delayed homesite and home deliveries and increased certain operating costs. As a consequence, while we have not yet experienced a material increase in cancellations, it has impacted the timing of revenue we have been able to recognize.~~ Nonetheless, should we experience increased cancellations as a result of such macroeconomic factors, our business could be adversely impacted. Further, with regard to our residential segment, revenues from homesite sales can fluctuate period- to- period due to variations in the mix of sales from different communities, as well as other variations in product mix. Given these fluctuations in product mix, revenues from our residential segment may significantly vary from **year period to year period**. In addition, real estate approvals may be subject to third party responses. It is not uncommon for delays to occur, which affect the timing of transaction closings and may also impact the terms and conditions of the transaction. Delays related to regulatory approvals may be due to the applicable governmental entity not being open due to the government being shut down or staffed insufficiently due to the government’ s budgetary issues. These timing issues may cause our ~~10operating--~~ **operating** results, particularly relating to the impact of our land sales, to vary significantly from quarter- to- quarter and year- to- year. Mortgage financing issues, including lack of supply of mortgage loans, tightened lending requirements and increases in interest rates, may reduce demand for our products. Purchasers of our real estate products may obtain mortgage loans to finance a substantial portion of the purchase price or may need to obtain mortgage loans to finance the construction costs of homes to be built on homesites purchased from us. Homebuilder customers depend on retail purchasers who rely on mortgage financing. Increases in interest rates increase the costs of owning a home and may adversely affect the purchasing power of consumers and lower demand for residential real estate. In addition to residential real estate, increased interest rates and restrictions in the availability of credit may also negatively impact sales or development of our commercial properties or other land we offer for sale. While **in 2022 over the past couple years, rising elevated** interest rates negatively impacted buyers’ ability to obtain financing and the housing market generally, to date we have not experienced material declines in customer demand for our homesites. However, in the event financing challenges reduce demand from homebuilders to purchase homesites, then our sales, results of operations, cash flows and financial condition may be negatively affected. Our residential segment is highly dependent on homebuilders **and are subject to the risk of homebuilder concentration**. We are highly dependent on 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 may 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. **We also rely on a concentrated number of homebuilders for a significant portion of our residential homesite sales**. Any of these events may have an adverse effect on our business, results

of operations, cash flows and financial condition. Our hospitality segment is subject to various risks inherent to the hospitality industry. The following factors, among others, are common to the hospitality industry, and may reduce the revenues generated by our hotel properties, food and beverage operations, golf courses, beach clubs, marinas and other entertainment assets: ● reduced travel (including from ~~travel-related health concerns~~, airline disruptions, **business reduction or elimination of typical travel in efforts to be conservative in uncertain financial times** or adverse economic conditions), which we may be susceptible to given that the travel tourism on which our hospitality segment relies can entail a relatively high cost of participation and is based on discretionary consumer spending; ● increased labor costs and shortages of skilled labor; ● inclement weather conditions; **11** ● changes in desirability of geographic regions in which our properties are located; ● significant competition from other hospitality providers and lodging or entertainment alternatives; ● our relationships with and the performance of third- party managers; ● increases in operating costs, including increases in the cost of property insurance, utilities and real estate and personal property taxes, due to inflation and other factors that may not be offset by increased prices; and ● natural or man- made disasters. Any of these factors may increase our costs or limit or reduce the prices we are able to charge for our hospitality products or services, or otherwise affect our ability to maintain existing properties, develop new properties or add amenities to our existing properties. Our **.Our** insurance coverage on our properties may be inadequate or our insurances costs may increase. We maintain insurance on our properties, including property, liability, fire, flood and extended coverage. However, we do not insure our timber assets. Additionally, our insurance for hurricanes has limitations 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 may be adversely affected. 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 future property insurance availability and rates in the state. The high costs of property insurance premiums in Florida may 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 increase growth in the region, either of which may have a material adverse effect on our business, results of operations, cash flows and financial condition. 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 may place extreme stress on state finances. ~~Our~~ commercial segment is subject to risks associated with the financial condition of our commercial tenants. If one or more of our tenants, particularly an anchor tenant, declares bankruptcy, defaults or voluntarily vacates from the leased premises, we may be unable to collect rent payments from such tenant, re- lease such space or to re- lease it on comparable or more favorable terms. Additionally, the loss or failure to renew of an anchor tenant may make it more difficult to lease the remainder of the affected properties, which may have a material adverse effect on our business, results of operations, cash flows and financial condition. ~~Alternatively~~ **Alternatively**, increases in consumer spending through e-commerce channels may significantly affect our tenants' ability to generate sales in their stores, which could affect their ability to make payments to us. These economic and market conditions, combined with rising inflation and lack of labor availability, may also place a number of our key ~~customers~~ **12customers** under financial stress, which may adversely affect our occupancy rates and our profitability, which, in turn, may have a material adverse effect on our business, results of operations, cash flows and financial condition. Our commercial segment is ~~also~~ exposed to operational risks with respect to our senior living communities. We are exposed to various federal, state, local, and industry- regulated licensure, certification and inspection laws, regulations, and standards; state regulations regarding senior living resident agreements, which typically require a written resident agreement with each resident; the availability and increases in cost of general and professional liability insurance coverage; state regulation and rights of residents related to entrance fees; and the availability and increases in the cost of labor. **Public health emergencies such as the COVID..... predicted with any degree of confidence.** Our financial results may vary significantly period over period. The revenues and earnings from our business segments may vary significantly from period to period. Homebuilders tend to buy multiple homesites in sporadic transactions. In addition, homesite prices vary significantly by community, which further impacts period over period results. Therefore, there may be reporting periods in which we have no, or significantly less, revenue from residential or commercial real estate sales. We may also choose to operate rather than lease assets, lease rather than sell assets, or sell improved rather than unimproved land that may delay revenue and profits. Hospitality operations are affected by seasonal fluctuations. Hospitality revenues are typically higher in the second and third quarters, and vary depending on the timing of holidays and school breaks. Commercial real estate sales tend to be non- recurring. Projects depend on uncertain demand. Extraordinary events such as ~~the emergence of new COVID-19 variants or~~ **or public health emergencies** may dramatically change demand and pricing for products and services. We are subject to various geographic risks. ● Growth of Northwest Florida. We are focused on developing real estate and expanding operations in Northwest Florida. Our success will be dependent on **continued** strong migration and population expansion in Northwest Florida. 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, to plan and complete significant infrastructure improvements in the region, such as new **or existing** transportation hubs, roads, rail, pipeline, medical facilities and schools and to attract families and companies offering high- quality and high salary jobs. Our future revenues will also depend on individuals seeking retirement or

vacation homes in Northwest Florida. Florida's population growth may be negatively affected in the future by a variety of factors, including adverse economic conditions, changes in state income tax or federal immigration laws, the occurrence of natural or manmade disasters or the high cost of real estate, insurance and property taxes. If Northwest Florida experiences an extended period of slow growth, or even net out-migration, our business, results of operations, cash flows and financial condition will likely be materially adversely affected.

**12 • Hurricanes.** Florida is particularly susceptible to the occurrence of hurricanes. Depending on where any particular hurricane makes landfall, our developments in Northwest Florida may experience catastrophic damage. Such damage may materially delay sales or lessen demand for our residential or commercial real estate and lessen demand for our hospitality and leasing operations. If our corporate headquarters facility is damaged or destroyed, we may have difficulty performing certain corporate and operational functions. We maintain property and business interruption insurance, subject to certain deductibles.

**• Climate Conditions.** The occurrence of other natural disasters and climate conditions in Northwest Florida, such as tornadoes, floods, fires, unusually heavy or prolonged rain, droughts, extreme heat, or other adverse weather events may have a material adverse effect on our ability to develop and sell properties or realize income from our projects. **To the extent that such natural disasters and climate conditions occur, our projects could be damaged or destroyed, which may result in losses exceeding our insurance coverage. Natural disasters and climate conditions can also lead to increased competition for subcontracts, which can delay construction activities even after an event has concluded.** In addition, our timber assets are subject to damage by fire, insect infestation, disease, prolonged drought, flooding, hurricane and natural disasters, which may adversely affect our timber inventory and forestry business. Furthermore, sea level rise due to climate change may have a material adverse effect on our coastal properties. The occurrence of natural disasters ~~13~~ **disasters** and the threat of adverse climate changes (or perceived threat of from climate change) may also have a long-term negative effect on the attractiveness of Northwest Florida **and on our ability to obtain flood or other hazard insurance coverage.** Manmade disasters or disruptions, such as oil spills, acts of terrorism, power outages and communications failures may simultaneously disrupt our operations. **Our insurance coverage on our properties..... may place extreme stress on state finances.** We are dependent on third party service providers for certain services. We rely on various third parties to conduct the day-to-day operations of certain residential, hospitality, multi-family, senior living and other commercial properties. Failure of such third parties to adequately perform their contracted services may negatively impact our ability to retain customers. As a result, any such failure may negatively impact our results of operations, cash flows and financial condition. **Public health emergencies could adversely affect our business. An epidemic, pandemic or similar** serious public health issue, and the measures undertaken by governmental authorities to address it, could significantly disrupt or prevent us from operating our business in the ordinary course for an extended period, and thereby, and / or along with any associated economic and / or social instability or distress, have a material adverse impact on our results of operations, cash flows and financial condition. In addition to impacting general economic conditions, a public health emergency **such as the COVID-19 pandemic** may exacerbate factors that impact our operations, including supply chain disruptions, labor shortages and rising commodity and product costs, which may continue after the public health emergency has subsided. Any continued impact could also amplify the other risks and uncertainties ~~described in this 2022 Form 10-K~~. The ultimate extent to which a public health emergency **could such as the COVID-19 pandemic impacts** **impact** our business is highly uncertain and cannot be predicted **with any degree of confidence.** Risks RELATED to our existing ownership structure Our largest shareholder controls approximately ~~41-38~~ **6-9** % of our common stock, which may limit our minority shareholders' ability to influence corporate matters. Mr. Bruce R. Berkowitz is the Chairman of our Board. He is the Manager of, and controls entities that own and control, Fairholme Holdings, LLC ("Fairholme"), which wholly owns Fairholme Capital Management, L. L. C. ("FCM", ~~an investment advisor registered with the SEC~~). As of December 31, ~~2022~~ **2023**, clients of FCM, including Mr. Berkowitz, beneficially owned approximately ~~41-38~~ **6-9** % of our common ~~13~~ **stock**. FCM and its client, The Fairholme Fund, a series of investments originating from Fairholme Funds, Inc., may be deemed affiliates of ours. Fairholme is 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 and any potential 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. Additionally, 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. Fairholme is in the business of making or advising on investments in companies and may hold, and may, from time to time in the future, acquire interests in or provide advice to businesses that directly or indirectly compete with certain portions of our business. Fairholme may also pursue acquisitions that may be complementary to our business, and, as a result, those acquisition opportunities may not be available to us. Furthermore, future sales of our common stock by Fairholme, or the perception in the public markets that these sales may occur, may depress our stock price. LEGAL, REGULATORY, AND LITIGATION RISK We run the risk of inadvertently being deemed to be an investment company that is required to register under the Investment Company Act of 1940 (the "Investment Company Act"). We are not registered as an "investment company" under the Investment Company Act ~~of 1940~~ and we intend to invest our assets in a manner such that we are not required to register as an investment company. This plan will require monitoring our portfolio so that on an unconsolidated basis we will not have more than 40 % of total assets (excluding U. S. government securities and cash items) in investment securities or that we will meet and maintain another exemption from registration. As a result, we may be unable to make some potentially profitable investments, unable to sell assets we would otherwise want to sell or forced to sell investments in investment securities before we would otherwise want to do so. ~~We~~ **14** ~~We~~ have not requested approval or guidance from the SEC with respect to our Investment Company Act determinations, including, in particular: our treatment of any subsidiary as majority-owned; the compliance of any subsidiary with any exemption under the Investment Company Act, including any subsidiary's determinations with respect to the consistency of its assets or operations with the requirements thereof or whether our interests in one or more subsidiaries constitute investment securities for purposes of the 40

% test. If the SEC were to disagree with our treatment of one or more subsidiaries as being majority- owned, exempted from the Investment Company Act, with our determination that one or more of our other holdings do not constitute investment securities for purposes of the 40 % test, or with our determinations as to the nature of the business in which we engage or the manner in which we hold ourselves out, we and / or one or more of our subsidiaries would need to adjust our operating strategies or assets in order for us to continue to pass the 40 % test (as described above) or register as an investment company, either of which may have a material adverse effect on us. Moreover, we may be required to adjust our operating strategy and holdings, or to effect sales of our assets in a manner that, or at a time or price at which, we would not otherwise choose, if there are changes in the laws or rules governing our Investment Company Act status or that of our subsidiaries, or if the SEC or its staff provides more specific or different guidance regarding the application of relevant provisions of, and rules under, the Investment Company Act. If the SEC or a court of competent jurisdiction were to find that we were required, but failed, to register as an investment company in violation of the Investment Company Act, we would have to cease business activities, we would breach representations and warranties and / or be in default as to certain of our contracts and obligations, civil or criminal actions may be brought against us, certain of our contracts would be unenforceable unless a court were to require enforcement and a court may appoint a receiver to take control of us and liquidate our business, any or all of which would have a material adverse effect on our business. We are subject to various existing government regulations.

- Development and Land Use Requirements. Approval to develop real property 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 ~~14~~significant ~~significant~~ exactions in order to secure approvals. Real estate projects in Florida must generally comply with the provisions of the Community Planning Act and local land development regulations. Compliance with the State of Florida planning requirements and local land development regulations is usually lengthy and costly and can be expected to materially affect our real estate development activities. The Community Planning 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 may be required to seek an amendment to the future land use map to develop real estate 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, 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, 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. ~~15~~If any one or more of these factors were to occur, we may be unable to develop our real estate projects successfully or within the expected timeframes. Changes in the Community Planning Act or the interpretation thereof, new enforcement of these laws or the enactment of new laws regarding the development of real property may 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 may have a materially adverse effect on our ability to service our demand and negatively impact our business, results of operations, cash flows or financial condition. 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 applicable 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, some 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.
- Environmental Regulation. Current or past 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, including as a result of attention from environmental advocacy groups. Violations of these laws and regulations can result in, among other things, 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. Past and present real property, particularly properties used in connection with our previous transportation ~~15~~and ~~and~~ papermill operations, were involved in the storage, use or disposal of hazardous substances that may 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. We may be subject to risks from changes in certain governmental policies.
- Mortgage Rates. The availability of mortgage financing is significantly influenced by governmental entities such as the Federal Housing Administration, Veteran’ s Administration and Government

National Mortgage Association and government-sponsored enterprises known as Fannie Mae and Freddie Mac. Mortgage rates may also be adversely impacted by **rising-elevated** interest rates, which may continue to increase as a result of the government's response to inflation. If borrowing standards are tightened and / or the federal government were to reduce or eliminate these mortgage loan programs (including due to any failure of lawmakers to agree on a budget or appropriation legislation to fund relevant programs or operations) or if mortgage rates continue to increase generally, it would likely make it more difficult for potential purchasers of our products, including our homebuilder customers to obtain acceptable financing, which may have a negative effect on demand in our communities.

- **Climate Regulation.** Potential impacts of climate change have begun to influence governmental authorities, consumer behavior patterns and the general business environment of the U. S., including, but not limited to, energy- efficiency measures, water use measures and land- use practices. The implementation of these policies may require us to invest additional capital in our properties or it may restrict the availability of land we are able to develop. These changes, or changes in other environmental laws or their 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 may lead to new or greater liabilities that may materially **adversely-16adversely** affect our business, results of operations, cash flows or financial condition.
- **Accounting Standards.** Uncertainties posed by various initiatives of accounting standard- setting by the Financial Accounting Standards Board ("FASB ") and the SEC, 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. These changes and others may have a material impact on how we record and report our financial condition and results of operations. In some cases, we may be required to apply a new or revised standard retroactively, resulting in potentially material restatements of prior period financial statements. Changes to U. S. tax laws may materially affect us.
- **Income Tax.** Tax laws are dynamic and subject to change as new laws are passed and new interpretations of the law are issued or applied. In many cases, the application of existing, newly enacted or amended tax laws may be uncertain and subject to differing interpretations. Changes in the tax laws, or in the interpretation or enforcement of existing tax laws, could increase our state and federal tax rates and subject our business to audits, inquiries and legal challenges from taxing authorities. ~~For instance, the Inflation Reduction Act of 2022 was recently signed into law and includes an excise tax on certain corporate stock repurchases (imposed on the corporation repurchasing the stock).~~ As a result of ~~these and other future~~ changes in tax laws, we may incur additional costs, including taxes and penalties for historical periods, which may have a material and adverse effect on our business, results of operations, cash flows or financial condition.
- **QOZ Program.** As part of the U. S. Tax Cuts and Jobs Act of 2017 (the " Tax Act "), Congress established the Qualified Opportunity Zone program (the " QOZ Program "), which provides preferential tax treatment to taxpayers who invest eligible capital gains into qualified opportunity funds (" QOFs "). QOFs are self- certifying entities that invest their capital in economically distressed communities that have been designated as qualified opportunity zones (" QOZs ") by the Internal Revenue Service (" IRS ") and Treasury. We have positioned ourselves to take advantage of the tax benefits offered by the QOZ Program. While the IRS has issued final regulations which address some of the uncertainties under the QOZ Program, because ~~16the~~ **the** QOZ Program is relatively new, a number of open questions remain. To the extent the IRS issues additional interpretive guidance that renders ineligible certain categories of projects that are currently expected to qualify, we may be unable to fully realize the benefits of the QOZ Program as anticipated, which may impact our investments.
- **NOLs.** ~~We have significant state net operating loss carryforwards (" NOLs "). These state NOLs may be used against 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 NOL period. See Note 13. Income Taxes included in Item 15 of this Form 10- K for additional information.~~ We may be subject to periodic litigation and other regulatory proceedings. We may be involved in lawsuits and regulatory actions relating to business agreements, operations, assets, liabilities, or our position as a public company. An adverse outcome in any of these matters may 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 may result in substantial costs and may require that we devote substantial resources to defend our Company. Land use approval processes have become increasingly complex. Moreover, the statutes, regulations and ordinances governing the approval processes provide third parties the opportunity to challenge the proposed plans and approvals. As a result, the prospect of third- party challenges to planned real estate developments provides additional uncertainties in real estate development planning and entitlements. Third- party challenges in the form of litigation may result in denial of the right to develop, or would, by their nature, adversely affect the length of time and the cost required to obtain the necessary approvals. In addition, adverse decisions arising from any litigation would increase the costs and length of time to obtain ultimate approval of a project and may adversely affect the design, scope, plans and profitability of a project.

**GENERAL RISKS**Risks associated with our human capital. Our ability to successfully implement our business strategy **will depend depends** on our ability to attract and retain skilled employees. The labor markets in the industries in which we operate are competitive. We must attract, train and retain a large number of qualified employees while controlling related labor costs. Tighter labor markets may make it even more difficult for us to hire and retain qualified employees and control labor costs. Our ability to attract qualified employees and control labor costs is subject to numerous external factors, including prevailing wage rates, employee preferences, employment law and regulation, labor relations and immigration **policy-17policy**. While we are committed to recruiting top talent by offering, among other things, competitive wages, a significant increase in competition or labor costs increasing from any of the aforementioned factors may have a material adverse impact on our business, results of operations, cash flows and financial condition. In addition, our hospitality operations are highly dependent on a large seasonal workforce. We have historically relied on the J- 1 and H- 2B visa programs to bring workers to the U. S. to fill seasonal staffing needs and ensure that we have the appropriate workforce in place. If we are unable to obtain sufficient numbers of seasonal workers, through the J- 1 and H- 2B programs or otherwise, we may not be able to recruit and hire adequate personnel, and material increases in the cost of securing our workforce may be possible in the future.

Increased seasonal wages or an inadequate workforce may have a material adverse effect on our business, results of operations, cash flows and financial condition. Risks associated with cybersecurity. We are reliant on computers and digital technology, including certain technology systems from third- party vendors which we use to operate our business which are not under our control. We collect digital information on all aspects of operations. Hospitality related businesses, in particular, require the collection and retention of 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. The integrity and protection of our customer, employee and other company data, is critical to us. We make efforts to maintain the security and integrity of these networks and related systems. 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, whether through cyber- attacks or cyber intrusions over the Internet, malware, computer viruses, ~~17 attachments~~ **attachments** to emails, persons inside our organization or persons with access to systems, energy blackouts, natural disasters, terrorism, war, and other significant disruptions of our networks and related systems, or disruptions would not be successful or damaging. Further, the risk of a security breach or disruption, particularly through cyber- attacks or cyber- intrusion, including by computer hackers, foreign governments or state- sponsored actors, and cyber terrorists, has generally increased as the number, intensity and sophistication of attempted attacks and intrusions from around the world have increased. In particular, there has been a spike in cybersecurity attacks as work- from- home measures have led businesses to increase reliance on virtual environments and communications systems, which have been subject to increasing third- party vulnerabilities and security risks. **Additionally, to the extent artificial intelligence capabilities improve and are increasingly adopted, they may be used to identify vulnerabilities and craft increasingly sophisticated cybersecurity attacks. Attachments crafted with artificial intelligence tools could directly attack information systems with greater speed and / or efficiency than a human threat actor or create more effective phishing emails. Vulnerabilities may also be introduced from the use of artificial intelligence by us, our customers, suppliers and other business partners and third- party providers. Use of artificial intelligence by our employees, whether authorized or unauthorized, increases the risk that our intellectual property and other proprietary information will be unintentionally disclosed.** 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 to 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, including via the penetration of our network security and the misappropriation of confidential and personal information, may result in business disruption, **increase in costs,** damage to our reputation, **material legal claims,** fines, penalties, regulatory proceedings and other severe financial and business implications. We are subject to risks related to corporate social responsibility and reputation. Our reputation and brands are important to our business. Our reputation and brands affect our ability to attract and retain consumers, financing, and secure development opportunities. There are numerous ways our reputation or brands could be damaged. These include, among others, product safety or quality issues, negative media coverage or scrutiny from political figures or interest groups. Customers are also using social media to provide feedback and information about our Company and products and services in a manner that can be quickly and broadly disseminated. To the extent a customer has a negative experience with, or view of, our Company and shares it over social media, it may adversely impact our brand and reputation. ~~In 18~~ **In** addition, companies across many industries are facing increasing scrutiny from **lawmakers, regulators, investors, customers, employees and other** stakeholders related to their environmental, social, and governance (“ ESG ”) practices, **including those related to the environment, climate, diversity and inclusion, human rights and governance transparency.** Various jurisdictions are developing climate- related laws or regulations that could cause us to incur additional direct costs for compliance, as well as indirect costs resulting from our customers, suppliers, or additional compliance costs that are passed on to us. **Additionally,** ~~Investor~~ **investor** advocacy groups, including ESG- focused investor advocacy groups, certain institutional investors, investment funds and other influential investors are also increasingly focused on ESG practices and in recent years have placed increasing importance on the implications and social cost of their investments. **Legal and regulatory requirements, as well as stakeholder expectations, on ESG practices and disclosures are subject to change, can be unpredictable, and may be difficult and expensive for us to comply with. Further, there is an increasing number of state- level anti- ESG initiatives in the U. S. that may conflict with other regulatory requirements or various stakeholders’ expectations.** If we fail, or are perceived to be failing, to meet evolving legal and regulatory requirements or the expectations of our stakeholders, which are evolving, **we may be subject to enforcement actions, required to pay fines, investors may sell their shares,** we may suffer from reputational damage and our business or financial condition could be adversely affected. The design and effectiveness of our disclosure controls and procedures and internal control over financial reporting may not prevent all errors, misstatements, or misrepresentations. While management will continue to review the effectiveness of our disclosure controls and procedures and internal control over financial reporting, there can be no guarantee that our internal control over financial reporting will be effective in accomplishing all control objectives at all times. Deficiencies, including any material weakness, in our internal control over financial reporting, which may occur in the future, may result in misstatements of our results of operations, restatements of our financial statements, a decline in our stock price, or otherwise materially adversely affect our business, reputation, results of operations, financial condition, or liquidity. Our financing arrangements contain restrictions and limitations. Our financing arrangements contain customary representations and warranties, as well as customary affirmative and negative covenants that restrict some of our activities. See Note 10. Debt, Net included in Item 15 of this Form 10- K for additional information. Our ability to comply with the covenants and restrictions contained in our financing arrangements may be affected by economic, financial and industry



conditions beyond our control, including credit or capital market disruptions. The breach of any of these covenants or restrictions could result in a default that would permit the applicable lenders to declare all amounts outstanding thereunder to be due and payable, together with accrued and unpaid interest. In any such case, we may be unable to repay the amounts due under such financing arrangements, which could have a material adverse effect on our results of operations, cash flows and financial condition. ~~18~~~~We~~~~We~~ may provide a guarantee of the debt in connection with our JVs. In certain instances, these guarantees provide for the full payment and performance of the borrower. See Note 10. Debt, Net and Note 20. Commitments and Contingencies included in Item 15 of this Form 10- K for additional information. If we were to become obligated to perform on any of these guarantees, our results of operations, cash flows and financial condition may be adversely affected. We utilize derivative financial instruments to reduce our exposure to market risks from changes in interest rates. We may enter into interest rate swap instruments to limit our exposure to changes in variable interest rates. While our hedging strategy is designed to minimize the impact of increases in interest rates applicable to some of our variable rate debt, there can be no guarantee that our hedging strategy will be effective, and we may experience credit- related losses in some circumstances. See Note 6. Financial Instruments and Fair Value Measurements **and Note 10. Debt, Net** included in Item 15 of this Form 10- K for additional information. ~~We cannot assure you that we will not make changes to our existing capital allocation plan, including whether we will continue to pay dividends at the current rate or at all. In 2022, we paid quarterly cash dividends of \$ 0.10 per share on our common stock and we currently expect to continue to pay quarterly dividends. The declaration and payment of any future dividends will be at the discretion of our Board after taking into account various factors, including without limitation, our financial condition, earnings, capital requirements of our business, the terms of any credit agreements or indentures to which we may be party at the time, legal requirements, industry practice, and other factors that our Board deems relevant. In addition, we typically refinance~~ **may decide not to make future stock repurchases at the same rate or our** at all, as a result of, among other factors, the excise tax **outstanding debt prior to or in connection with its maturity. If we are unable to refinance our debt** on stock repurchases **favorable terms**, which was recently introduced by the Inflation Reduction Act of 2022. We may continue to experience significant volatility in the market price of our **interest expense** common stock. Numerous factors may **increase. A refinancing** have a significant effect on the price of our common stock, including low trading volumes; announcements of fluctuations in **debt could also require us to comply with more onerous covenants and further restrict** our **business** operating operations . **Any of these circumstances could adversely impact our financial position and** 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; economic and /or political factors unrelated to our performance; impacts of **operations.** the COVID-19 pandemic; comments by public figures or other third parties (including blogs, articles, message boards and social and other media); changes in recommendations or earnings estimates by securities analysts; novel and unforeseen trading strategies adopted by retail investors or other market participants and less volume and reduced shares outstanding due to execution of the Stock Repurchase Program that would reduce our “ public float ”. The market price of our common stock on the New York Stock Exchange (“ NYSE ”) has been volatile, which may be unrelated or disproportionate to operating performance. Continued volatility in the market price of our common stock may cause shareholders to lose some or all of their investment in our common stock. Institutional investors might not be interested in owning our common stock. Item 1B. Unresolved Staff Comments None. Item 2. Properties St. Joe owns 169, 000 acres in Northwest Florida. A portion of our land is within the Sector Plan, that entitles, or gives legal rights, for us to develop over 170, 000 residential dwelling units, over 22 million square feet of retail, commercial and industrial space and over 3, 000 hotel rooms on lands within Florida’s Bay and Walton counties. We also have additional entitlements, or legal rights, to develop acreage outside of the Sector Plan. Approximately 86 % of our real estate is located in Florida’s Bay, Gulf, and Walton counties. Approximately 90 % of our real estate land holdings are located within fifteen miles of the Gulf of Mexico. Undeveloped land is managed as timberlands until designated for development. We anticipate a wide range of residential, commercial and hospitality uses on these land holdings. We have operating assets and projects under development in our residential, hospitality, and commercial segments. For more information on our real estate assets, see “ Item 1. Business ” and “ Schedule III (Consolidated)– Real Estate and Accumulated Depreciation ” included in Item 15 of this Form 10- K for further information. In addition to the properties 19