LANDMARK LAND COMPANY, INC.

MEMORANDUM

TO:	Landmark Board of Directors
FROM:	Jerry Barton
DATE:	June 27, 2009
SUBJECT:	Landmark – Financial Update

Hi,

Last Thursday afternoon while looking at property in the hill country of Texas, I received word that Tony Maughan, the President of the bank in Barbados, reported that his Board of Directors did not understand the security, and therefore, did not approve our $5 million loan. This is a very serious blow to Landmark. The $5 million would have been sufficient, under any reasonable analysis of the future, to carry Landmark until the end of 2011 without good news.

The situation is that Landmark has more security than at any time since the government violated their contract 20 years ago, but it has no liquidity. When the only source of revenue is residential sales, in this market you will have little revenue. Fortunately, our two projects, although at opposite ends of the spectrum, are the types of projects that I believe will be the most secure. South Padre is a middle-class, low cost, pre-retirement and retirement community, and Apes Hill in Barbados is the best residential community in the #1 quality destination for the U.K. While I am pessimistic that we will have a quick return of either of these markets, I do believe that in the next 2 to 3 years they both will return to the mainstream of economic activity.

In South Padre in 2006 we sold almost 200 units and in 2007 we sold approximately 140 units. Since that time, there has been almost no traffic and no sales, however, presently the traffic is up and if we would sell 30 units in the next half of this year, our outlook would be good. If we sold 20, it would produce positive cash flow for Landmark, but no one can predict how many we will sell. Recently, the local bank, as banks always do at the bottom of the cycle, ordered an appraisal of our assets in South Padre and under these adverse conditions, the appraisal came in $7 million above our book value.

Apes Hill Club in Barbados is currently negotiating three transactions, any one of which would solve their liquidity problems and any two of which would put us in a position where it is possible that Landmark, by debt or dividend, could expectorate some of the profit from Barbados.

Landmark's pipeline is filled with 3 large potentials: (1) the government funding, together with the bank of Nova Scotia, of the development in St. Lucia, (2) St. Kitt's paying us the $250,000 they owe us and commissioning additional planning that could exceed $1 million, and (3) Paul Lamb, a trustee of a large family trust who was our partner in Spain and is presently analyzing the purchase of a portion of our shares in the Apes Hill Club. I believe that investment would be between $10 million and $20 million. Any of the above potentials could happen. There are several cash opportunities I have not mentioned, but we must plan on having Landmark survive without any of them.

When I heard that the Barbados bank had turned down our loan, I went directly to Oklahoma City to see two old friends, David Davenport and Jack Golsen. Each of these men have been very successful financially and each of them, 30 years ago, were broke and on the edge of bankruptcy, and they came to me for help. In each case, I made a large, unsecured loan which allowed them to stay in business, and over time these loans were repaid. With great reluctance, as I hate to beg, I went to each of them and asked that they invest $1 million each in Landmark, and although the exact method is not yet determined, they have agreed to do so. This $2 million is not sufficient to make us feel secure. It is not sufficient to allow us to go to the end of 2011 without good news, but under reasonable conditions, it is sufficient to allow us to make it for 1 to 1-1/2 years and perhaps good times. Therefore, with their help, we will perform a high wire act without a safety net, but we will have a reasonable opportunity to survive.

Obviously, there is much more information you need and as I get it, I will keep you informed.

Jerry