To: Gerald Barton[redacted]
From: Jeevacation
Sent: Fri 5/15/2009 6:18:30 PM
Subject: Re: Landmark

Great

Sent from my iPhone

On May 15, 2009, at 1:43 PM, "Gerald Barton" <[redacted] wrote:

> Jeffrey,
>
> Stephen Caplinger, who has long been our head landscape architect and land planner, and was also at New Albany for many years, will be emailing you to get directions on what to do when. He will need directions both artistically and geographically.
>
> Jerry
>
> Gerald G. Barton
> Landmark Land Company, Inc.
> P.O. Box 1880
> Upper Marlboro, MD 20773
> [redacted]
>
> <Landmark Land Tree Orange.JPG>
>
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From: Jeffrey Epstein [mailto:jeevacation@gmail.com]
Sent: Friday, May 15, 2009 12:12 PM
To: Gerald Barton
Subject: Re: Landmark

no,, he can go anytime and we can speak on the phone

On Fri, May 15, 2009 at 12:10 PM, Gerald Barton <[redacted]> wrote:

I assume you would want to be on island when he is there, so you could give him your vision. Let me know the dates.

Jerry

Gerald G. Barton
Landmark Land Company, Inc.
P.O. Box 1880
Upper Marlboro, MD 20773
[redacted]

<Landmark Land Tree Orange.JPG>

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From: Jeffrey Epstein [mailto:jeevacation@gmail.com]
Sent: Friday, May 15, 2009 11:58 AM
To: Gerald Barton
Subject: Re: Landmark

of course . re expenses. and i will wait until i see you for barry, so that i might help sell the oil

On Fri, May 15, 2009 at 11:38 AM, Gerald Barton <[redacted]> wrote:

Jeffrey,

Let me know when you would like him there and I will make it work. I owe you so much I hate to ask, but since you know how poor we are, you will understand if I ask you to pay expenses.

As to Starwood and Barry, I follow my leader and I have but one maven and you see him every morning in the mirror when you shave. So, set up what you think is appropriate and I will be there if possible.

Jerry

Gerald G. Barton
Landmark Land Company, Inc.
P.O. Box 1880
Upper Marlboro, MD 20773
[redacted]

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From: Jeffrey Epstein [mailto:jeevacation@gmail.com]
Sent: Friday, May 15, 2009 11:19 AM
To: Gerald Barton
Subject: Re: Landmark

i would like your land planner to go to my island and help sculpt the land,,iad greatlly appreicate it.. what about starwood. and barry? for your resort clean up deal

On Fri, May 15, 2009 at 9:21 AM, Jeffrey Epstein <jeevacation@gmail.com> wrote:

> two k knee jerk responses.. 1. think about making gay community or assisted living. there is an amazing demand and no supply..2. I wouldn't hang your hat on landmarks reputation , but on the experieince of its people.. I would jettision the name. I have many people interested in resorts. from dubai to partners of starwood , and would gladly , introduce you to each other.

On Fri, May 15, 2009 at 9:09 AM, Gerald Barton [redacted] wrote:

> Jeffrey,
>
> This email is to put flesh on the bones of the voluminous material that I asked the office to send to you yesterday and you should receive it today.

First, I would like for you to postulate the following:

1. From 2004 to 2007, there was approximately $12 billion of resort loans made by U.S. financial institutions.
2. Since real estate is private and local, it is difficult to have accurate, cumulative figures, but we estimate that $8 billion of these loans will end up in the hands of involuntary owners, i.e., the lenders.
3. There is no class of security that makes a lender feel more insecure than repossessing a large resort community in development. While very few foreclosures have taken place to-date, on an average, they have sold for 10 cents on the dollar.
4. Landmark has:

- the best reputation in the business,
- the management team that created the reputation, and
- $153 million tax loss that expires 2022.

Update of the Last 10 Years

During the last 5 years of our fight with the government, because of Landmark's high quality environmental record, Landmark was invited by the European Union to develop the last great sand dune on the west coast of Ireland. We developed, on a fee basis, the Doonbeg Golf Club, which when it was opened, was rated by *Golf Digest* as the best new course in the world. Because of the time spent in Ireland, we were approached to do a development in the south of Spain, where we did Arcos Gardens, chosen by some as the best new course built that year in the world and chosen by most to be the best new course in Spain in many years. We also developed, on a fee and carried ownership interest basis, Lake Presidential in Maryland, 14 miles due east of the U.S. capital, and moved our corporate headquarters to Maryland.

Although it was agreed that Landmark had contributed $131 million net value to the bank in 1982, and that the government, without cause, violated their contract, Landmark received only $21 million from the Court of Claims. By the time it paid its lawyers, court costs, and its debt of honor to directors, etc., it had approximately $4 million net remaining. In 2004 we purchased South Padre Island, our joint venture with the Lloyd Bentsen family in South Texas, from the fund run by Lewie Ranieri, and on a friendly basis, separated our relationship with Lewie. In 2006 we invested $4 million to purchase one-third of Apes Hill Club, Barbados.

South Padre Island proved a success in that we sold approximately 150 houses in 2005, 200 in 2006, 170 in 2007, and in each of these years had cash flow of $3 million to $5 million net to the parent. We have developed approximately half of the 2,000 acres, have 1,000 homes built, and approximately 1,200 left to be built. After Lloyd Bentsen's death, we bought from his estate, at a very attractive price, his interest, and it is now owned 100% by Landmark.

South Padre Island Development is on the right side of history in that it offers good value, in warm weather. on the water for middle-class pre-retirement, retirement buyers, however, with the housing crisis we only sold 21 houses in 2008 and are doing only slightly better than that in 2009. Therefore, the cash flow is not coming from South Padre to Landmark, but cash is going from Landmark to South Padre. Recently there was some sign of optimism, but in the short run, this may be a false spring. In the long run, I am confident that offering homes in a good golf course community from $135,000 up will be in the heart of the baby boomers retirement plan.

Apes Hill Club is 470 acres that overlooks both the west coast of the Caribbean and the east cost of the Atlantic. It has been the most successful and highest quality development I have ever been associated with. While at the present time, with the pound low against the dollar and the financial crisis in England and Ireland at its zenith, our sales are slow, last year Apes Hill Club made $33 million net profit. However, because the cash flow was needed for continued development in Apes Hill, none of the money was brought back to Landmark.

Obviously, if we have a completely integrated management staff and presently no income from our two major developments, we have a cash flow problem. A year ago I believed that recession was on us, things would be bad, and Landmark would be (if I could keep the team together) in an ideal position to take advantage of the greatest financial crisis in my lifetime. Therefore, I made the decision not to cut management back to what was necessary for Barbados and South Padre, but to use it to look for new opportunities and to be prepared to become a major player when the market foreclosed on what I knew would be billions of dollars of distressed assets.

This year we have entered into a contract for the development of a distressed golf project in St. Lucia. We have reached agreement with the government of St. Kitts to start up, again, a resort project on the west coast of St. Kitts that had been abandoned because of mismanagement and corruption, and we are at the contact stage of entering into agreement on a 5,000 acre development in North Carolina where the owners need management and they need the ability to attract some money on a last-in, first-out basis, and we are closely following a half dozen other distressed properties.

In order to meet our negative cash requirements, we have exhausted our cash reserve, we have scrambled where possible, and I have borrowed over $1 million personally and put it into the company. A few months ago, a government bank for the eastern Caribbean, originally started by the World Bank, agreed to loan Landmark $5 million. The security for the loan would be the 100% of the St. Lucia company that owns one-third of Apes Hill Club in Barbados. That one-third interest is worth somewhere between $20 million and $50 million; however, it is not the type of security that you can leverage in the U.S. I am told that this loan has been approved by the Board of Directors

and I will be able to draw funds the first of June; however, since I have received no written confirmation of this to-date, I am naturally concerned.

How I Would Like to Use Your Mind – If Allowed

1. If I obtain the $5 million loan, **the question before the house is how to position Landmark to create the maximum value from its reputation, its management team, and its $153 million tax loss.** While I am a real estate man and know little of financial posturing, the best idea I have heard is to use Landmark as a platform company to become a leader in the management and resurrection of a few of these foreclosed assets, and in 5 to 7 years when the profits can be realized from this financial disaster, with the tax loss used and the reputation enhanced, to go public as a branded community developer much as Ritz-Carlton and Four Seasons are thought of as branded hotel operators. The idea would be to have an institution or individual, or institutions and individuals, invest $15 million to $20 million in convertible preferred stock in Landmark. If after 3 years they decided to convert, they would own approximately the same amount as the Barton family, however, this is simply one of I am sure many ways it could be done and I know no one who, if you were willing, could give me better guidance.
2. If, in fact, my unfounded worries about the consummation of this $5 million loan are justified, I will need to very quickly see if I can borrow $3 million to $5 million on the one-third security of Apes Hill and be able to keep the management team together for perhaps another year. If that is not possible, I will quickly reduce the staff to those necessary for the operations that we have, substantially diminish my hope of being a leader in restructuring these distressed resorts, and borrow what I can from my friends to survive the end of this crisis.

Jeffrey, if you are still reading this all too long email, I congratulate you on your focus. For the last six months we have been following many distressed properties and compiled it into what I call the "Zombie Book", which is updated monthly. If you have sufficient interest that you would like to look at some of the projects being followed, I would be very happy to send it to you.

Regardless of the above, please suggest a date in early June when it would be convenient for me to come see you.

Jerry

Gerald G. Barton
Landmark Land Company, Inc.
P.O. Box 1880
Upper Marlboro, MD 20773
[redacted]

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