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IN THE UNITED STATES BANKRUPTCY COURT
DISTRICT OF UTAH, CENTRAL DIVISION

In re QUINN'S JUNCTION PROPERTIES, LC., Debtor.	Bankruptcy No. 16-24458 (JTM) Chapter 11

DISCLOSURE STATEMENT WITH RESPECT TO PLAN OF REORGANIZATION

January 10, 2017

IMPORTANT

THIS DISCLOSURE STATEMENT IS SUBMITTED TO ALL CREDITORS OF QUINN'S JUNCTION PROPERTIES LC. ENTITLED TO VOTE ON THE PLAN OF REORGANIZATION HEREIN DESCRIBED, AND CONTAINS INFORMATION THAT MAY AFFECT YOUR DECISION TO ACCEPT OR REJECT THE PLAN OF REORGANIZATION. THIS DISCLOSURE STATEMENT IS INTENDED TO PROVIDE ADEQUATE INFORMATION AS REQUIRED BY THE BANKRUPTCY CODE AS TO THE PLAN OF REORGANIZATION. ALL CREDITORS AND INTEREST HOLDERS ARE URGED TO READ THE DISCLOSURE STATEMENT AND ATTACHMENTS WITH CARE AND IN THEIR ENTIRETY.

ON DECEMBER 19, 2016, THE BANKRUPTCY COURT APPROVED THIS DISCLOSURE STATEMENT AS CONTAINING ADEQUATE INFORMATION UNDER SECTION 1125(b) OF THE BANKRUPTCY CODE. SOLICITATION OF ACCEPTANCE OR REJECTION OF THE PLAN OF REORGANIZATION HEREIN DESCRIBED AND ATTACHED AS EXHIBIT A, IS BEING SOUGHT FROM CREDITORS AND INTEREST HOLDERS WHOSE CLAIMS AGAINST, AND INTERESTS IN THE DEBTOR, ARE IMPAIRED UNDER THE PLAN OF REORGANIZATION. CREDITORS AND INTEREST HOLDERS ENTITLED TO VOTE ON THE PLAN OF REORGANIZATION ARE URGED TO VOTE IN FAVOR OF THE PLAN AND TO RETURN THE BALLOT INCLUDED WITH THIS DISCLOSURE STATEMENT UPON COMPLETION IN THE ENVELOPE PROVIDED.

1.

PRELIMINARY STATEMENTS

1.1 General Information Concerning Disclosure Statement and Plan

Quinn's Junction Properties, LC., submits this Disclosure Statement under section 1125 of the Bankruptcy Code and Bankruptcy Rule 3016. The purpose of this Disclosure Statement is to disclose information adequate to enable creditors who are entitled to vote to arrive at a reasonably informed decision in exercising their rights to vote on the Plan of Reorganization (the "Plan"). A copy of the Plan is attached as Exhibit A. Capitalized terms used but not defined in this Disclosure Statement shall have the meanings assigned to them in Article I of the Plan or in the Bankruptcy Code and Bankruptcy Rules. All section references in this Disclosure Statement are to the Bankruptcy Code unless otherwise indicated.

The Debtor has promulgated the Plan consistent with the provisions of the Bankruptcy Code. The purpose of the Plan is to provide the maximum recovery to each Class of Claims considering the assets and anticipated funds available for distribution to creditors. The Debtor believes that the Plan permits the maximum recovery for all Classes of Claims.

This Disclosure Statement is not intended to replace a careful review and analysis of the Plan, including the specific treatment of Claims under the Plan. It is submitted as an aid and supplement to your review of the Plan to explain the terms of the Plan. Every effort has been made to explain fully various aspects of the Plan as they affect creditors. If any questions arise, the Debtor urges you to contact its counsel to attempt to resolve your questions. You may, of course, wish to consult with your own counsel.

1.2 Disclaimers

NO SOLICITATION OF VOTES HAS BEEN OR MAY BE MADE EXCEPT PURSUANT TO THIS DISCLOSURE STATEMENT AND SECTION 1125 OF THE BANKRUPTCY CODE, AND NO PERSON HAS BEEN AUTHORIZED TO USE ANY INFORMATION CONCERNING THE DEBTOR TO SOLICIT ACCEPTANCES OR REJECTIONS OF THE PLAN OTHER THAN THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT. CREDITORS SHOULD NOT RELY ON ANY INFORMATION RELATING TO THE DEBTOR OTHER THAN THAT CONTAINED IN THIS DISCLOSURE STATEMENT AND THE EXHIBITS ATTACHED.

EXCEPT AS SET FORTH IN THIS DISCLOSURE STATEMENT AND THE EXHIBITS, NO REPRESENTATION CONCERNING THE DEBTOR, ITS ASSETS, PAST OPERATIONS, OR CONCERNING THE PLAN IS AUTHORIZED, NOR ARE ANY SUCH REPRESENTATIONS TO BE RELIED UPON IN ARRIVING AT A DECISION WITH RESPECT TO THE PLAN. ANY REPRESENTATIONS MADE TO SECURE ACCEPTANCE OR REJECTION OF THE PLAN OTHER THAN AS CONTAINED IN THIS DISCLOSURE STATEMENT SHOULD BE REPORTED TO COUNSEL FOR THE DEBTOR.

UNLESS ANOTHER TIME IS SPECIFIED, THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE AS OF THE DATE HEREOF. NEITHER DELIVERY OF THIS DISCLOSURE STATEMENT NOR ANY EXCHANGE OF RIGHTS MADE CONCERNING THE DISCLOSURE STATEMENT AND THE PLAN SHALL UNDER ANY CIRCUMSTANCES IMPLY THAT THERE HAS BEEN NO CHANGE IN THE FACTS SET FORTH HEREIN SINCE THE DATE OF THE DISCLOSURE STATEMENT AND THE MATERIALS RELIED UPON IN PREPARATION OF THE DISCLOSURE STATEMENT WERE COMPILED.

WHILE THE INFORMATION PROVIDED HEREIN IS BELIEVED RELIABLE, THE DEBTOR HAS NOT UNDERTAKEN TO VERIFY OR INVESTIGATE SUCH INFORMATION, AND MAKES NO REPRESENTATION AS TO THE ACCURACY OR COMPLETENESS OF THE INFORMATION.

DISTRIBUTION OF THIS DISCLOSURE STATEMENT SHOULD NOT BE CONSTRUED AS ANY REPRESENTATION OR WARRANTY AT ALL, EITHER EXPRESS OR IMPLIED, BY THE DEBTOR OR ITS PROFESSIONAL CONSULTANTS THAT THE PLAN IS FREE FROM RISK, THAT THE ACCEPTANCE OF THE PLAN WILL RESULT IN A RISK-FREE RESTRUCTURING OF THE DEBTOR'S OBLIGATIONS OR THAT THE OBLIGATIONS OF THE DEBTOR AS RESTRUCTURED BY THE PLAN WILL BE FULLY PERFORMED IN THE FUTURE WITHOUT RISK OF FURTHER DEFAULT.

THE APPROVAL BY THE BANKRUPTCY COURT OF THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE AN ENDORSEMENT BY THE BANKRUPTCY COURT OF THE PLAN OR A GUARANTEE OF THE ACCURACY OR THE COMPLETENESS OF THE INFORMATION CONTAINED HEREIN.

THIS DISCLOSURE STATEMENT AND THE PLAN ATTACHED SHOULD BE READ IN THEIR ENTIRETY BEFORE VOTING ON THE PLAN. FOR THE CONVENIENCE OF HOLDERS OF CLAIMS, THE TERMS OF THE PLAN ARE SUMMARIZED IN THIS DISCLOSURE STATEMENT, BUT ALL SUMMARIES ARE QUALIFIED IN THEIR ENTIRETY BY THE PLAN, WHICH CONTROLS IN CASE OF ANY INCONSISTENCY.

2.

INTRODUCTION

The Debtor's largest asset is approximately 31 acres of real property located at 4001 Kearns Boulevard, Park City, Utah (the "Real Property"). Currently constructed on a portion of the Real Property is a 91,000 square foot state-of-the art movie and television studio with production stages and accompanying production offices (the "Film Studio"). In addition, the Debtor has received local government approval to develop a total of 374,000 square feet of the Real Property for a variety of different uses, including the current 91,000 square foot first phase as well as additional film production facilities, a 100 room hotel (and associated gift shop, coffee shop, and restaurant), offices, an amphitheater for live performances, and additional commercial and retail development as permitted by the current zoning.

Construction of the Film Studio was completed in October 2015. There is no other comparable film studio in the State of Utah. The Film Studio is sufficient to film projects from the next Star Wars movie to a thirty second commercial. Even before the construction of the Film Studio was completed, it landed its first major contract, for the ABC television series Blood and Oil. Unfortunately, that television series was cancelled after its first season in January 2016 and since that time the Film Studio has hosted feature film productions, corporate and film festival events, and national commercials.

The Debtor's bankruptcy filing was precipitated in significant part through various disputes with Gary Crandall ("Crandall") and his entities including Quinn Capital Partners, LLC ("QCap") and NewPark Retail LLC ("NewPark"; Crandall, QCap and NewPark are collectively the "QCap Parties") . These disputes will be described in greater detail below. QCap took the position that it was simultaneously an equity owner of the Debtor, and also a lender to the Debtor secured by a trust deed having invested the same funds. Although this position was flatly rejected by a Utah District Court in April 2016, this assertion which was widely disseminated caused reputational harm and major damages to the Debtor and was one of the causes of the Debtor's bankruptcy filing. Since QCap claimed to be a half-owner of the Debtor and published negative press into the market place, the Debtor could not reasonably refinance or obtain a recapitalization to pay QCap. At the same time, QCap sought to foreclose its trust deed position. The Debtor was between a rock and a hard place.

Despite the massive harm inflicted on the Debtor's business by QCap, the Debtor nevertheless proposes to pay QCap the full amount it may be lawfully owed (as adjudicated by a Utah court) and subject to applicable setoffs, recoupments, and counterclaims. The Debtor further proposes to pay all of its other creditors in full, with interest. In addition, this reorganization process is intended to preserve the Debtor's business and the jobs of its employees, as well as the multi-million dollar investment of the Debtor's principal, Greg Ericksen ("Ericksen"), in the Debtor's business.

3.

SUMMARY OF PLAN

This summary of the Plan is qualified in its entirety by reference to the Plan, a copy of which is attached as Exhibit A to this Disclosure Statement. If the Court confirms the Plan, and in the absence of any applicable stay, and all other conditions set forth in the Plan are satisfied, the Plan will take effect on the Effective Date—i.e., the later of: (i) 30 days after the Confirmation Date, or (ii) the day on which all conditions to consummation of the Plan as set forth in section 9.1 of the Plan have been satisfied or waived.

Administrative Expense Claims are generally paid in full in Cash on the later of (i) the date such Allowed Administrative Expense Claim becomes due in accordance with its terms, and (ii) the Effective Date. Holders of Administrative Expense Claims may agree to a different treatment under the Plan. If the

Debtor disputes any portion of an Administrative Expense Claim, the Debtor shall pay such Claim within 30 days after the entry of a Final Order with respect to the allowance of such disputed Administrative Expense Claim.

Priority Tax Claims are paid either (i) upon such terms as may be agreed to between the Debtor and such holder of an Allowed Priority Tax Claim, (ii) in full in Cash on the later of the Effective Date or the date that such Allowed Priority Tax Claim would have been due if the Bankruptcy Case had not been commenced, or (iii) in four deferred equal annual Cash payments, commencing on the first anniversary of the Petition Date, and concluding on the fourth anniversary of the Petition Date, in an amount equal to the amount of such Allowed Priority Tax Claim, plus interest at the rate prescribed by Bankruptcy Code § 511. The Debtor does not believe that it owes any amounts for taxes.

Bank of Utah's first priority secured claim will be paid in full, with interest, by the "Initial Payment Date" under the Plan, which means not later than March 31, 2017.

The second priority secured claim on the Property is held by QCap and is a mechanics' lien claim originally held by Sahara Construction. According to Crandall, the principal amount of this claim is $4,296,277.36 (although the Debtor disputes the amount of this claim). Under the Plan, the Debtor will pay $4,200,000 towards this claim on the Initial Payment Date, with any remaining amounts paid within 120 days after any potential determination in the QCap Litigation that additional amounts are owed.

The third priority secured claim on the Property is a trust deed held by QCap and is in the face amount of $6,400,000. Under the Plan, the Debtor will pay $6,400,000, plus interest at the non-default rate towards this claim on the Initial Payment Date, with any remaining amounts paid within 120 days after any potential determination in the QCap Litigation that additional amounts are owed.

The Debtor proposes to pay in full General Unsecured Claims and also the Disputed QCap Unsecured Claim, plus interest at the Plan Rate, in installments after payment, satisfaction, or resolution of the Disputed QCap Secured Claim through quarterly payments of principal and interest (with interest at the Plan Rate) over 5 years (i.e., 20 quarters), based on a level amortization of these Claims.

Under the Plan, if QCap votes all of its Claims in favor of the Plan, and makes an election under Section 4.5(e) of the Plan, then in addition to the payments on QCap's alleged secured claims described above, on the Initial Payment Date the Debtor will make an additional $4,000,000 lump sum payment in full and final satisfaction of all of QCap's claims against the Debtor.

Quinn's Junction Partnership will retain its equity interest in the Reorganized Debtor. The Debtor shall not make distributions to the holder of Equity Interests until all liquidated amounts due to creditors under the Plan are paid in full, provided, however, that the Debtor shall reimburse such holder for any income tax liabilities which directly related to income generated by the Reorganized Debtor.

The Plan contemplates that in order to fund the payments to creditors described above, and also to secure the Debtor's working capital needs and tenant improvements, the Debtor will obtain two separate loans from QFund, a group of investors who will assist the Debtor to fund the Plan. The first priority QFund Trust Deed shall be extended for the purpose of funding the payments due to creditors under this Plan. The second priority QFund Trust Deed shall be a revolving line of credit loan, in the maximum principal amount of $3,000,000, for the purpose of funding tenant improvements and the Reorganized Debtor's working capital needs. At the hearing to consider confirmation of this Plan, the Debtor shall seek the Bankruptcy Court's determination that the first priority QFund Trust Deed is secured by a senior, first priority lien on all Property of the Debtor's Estate. The QFund Trust Deeds shall bear interest at the rate of 1% per annum, and shall be paid interest only monthly payments, with full maturity of all unpaid principal, interest, and other amounts due under the QFund Trust Deeds on the seventh anniversary of the Effective Date. The second priority QFund Trust Deed shall be subordinate to QCap's unpaid Secured Claims (if any), and also be secured by all of the Debtor's personal property, including without limitation the Debtor's 40.84 Class A water shares. QFund is motivated to lend money at the rate

of 1% per annum in order to (a) ensure the Plan is successful, (b) ensure the Debtor's business is successful, and (c) replace the high interest rate Disputed QCap Secured Claim (which purportedly carries default rate interest at ten percent per annum) with lower interest rate in order to adequately protect the remaining Disputed QCap Secured Claim (after the payments required on the Initial Payment Date).

Other than Claims and Causes of Action expressly released under the Plan, the Debtor reserves its right to prosecute any and all Claims and Causes of Action held by the Estate. The Debtor reserves its right to prosecute the claims it has asserted or sought to assert in the QCap Litigation, unless QCAP votes all of its Claims in favor of the Plan and makes the election provided in Section 4.5(e) of the Plan.

4.

THE DEBTOR

4.1 Pre-Petition Financing and Capital Structure

4.1.1 Member Interests

The Debtor is a Utah limited liability company, organized for the purpose of acquiring and developing the Property, holding assets and personal property for rent and services to clients of the Film Studio. Quinn's Junction Partnership, a Utah general partnership owned by MM Trust owns 100% of the member interests in the Debtor. Fomerly MM Trust was a partner of Ralph Merrill in Quinn's Junction Partnership, but years ago the MM Trust bought out Mr. Merrill's interest. As a result, Quinn's Junction Partnership is now effectively a dba owned by the MM Trust. MM Trust estimates that over the past three years it has invested over $19.3 million in the Debtor's assets and business.

4.1.2 Secured Debt

4.1.2.1 Bank of Utah Secured Claim

In 2012 the Debtor obtained a construction loan from Bank of Utah in the principal sum of $4,678,666.00, secured by a first-position trust deed on the Property. As of the date of this Disclosure Statement, approximately $3,977,846.18 is owed under this trust deed.

4.1.2.2 Disputed QCap Mechanic's Lien Claim

QCap asserts a mechanics' lien claim in the alleged principal amount of $4,296,277.36. The Debtor disputes that it owes this amount. QCap also claims that interest accrues on this obligation at the rate of 18% per annum. QCap acquired this claim from Sahara Construction, which was the general contractor that built the Film Studio. The Debtor is currently in litigation with QCap concerning this Claim, and is requesting the Utah District Court in the QCap Litigation to determine the amount of this Claim, and any recoupments, offsets and damages that may be owing to the Debtor by QCap.

4.1.2.3 Disputed QCap Secured Claim

On or about November 26, 2014, the Debtor borrowed $6.4 million from QCap evidenced by a single promissory note in the face amount of $6.4 million secured by a deed of trust anticipating perhaps subsequent promissory notes during a due diligence period before Crandall's intended promise to convert the entire investment to equity in the Debtor. QCap claims to have made subsequent advances under

this trust deed such that it secures debt of "not less than $12 million plus accrued and accruing interest" (see Docket No. 45 at fn. 1). However, it is undisputed that only a single promissory note was signed which indicates it is secured by this trust deed, and that promissory note is in the amount of $6.4 million. The Debtor disputes the amount, validity, priority, and perfection of any Claim by QCap approximating $5.9 million and the Debtor anticipates this issue will be resolved in the QCap Litigation.

No payment was required by the express terms of the Disputed QCap Secured Claim until December 31, 2015 if the amount was not converted to equity and the other conditions described in the QCap Claim (as defined below) were not satisfied. Prior to this due date, QCap had represented to Debtor that it would convert this loan to equity on or before April 1, 2015 or that it had converted this amount to equity which the Utah District Court has ruled never happened. QCap has taken the position that the Debtor defaulted on this obligation on July 1, 2015 even though no payment was due until December 31, 2015 and QCap maintained that its note and trust deed were equity. Despite there being no default and without providing a cure period, QCap commenced a judicial foreclosure proceeding on July 1, 2015 and subsequently noticed a non-judicial trust deed sale on the same obligation for the face amount of the only note signed by the Debtor in the amount of $6.4 million.

A search of the Utah Department of Commerce records shows that no UCC financing statement was filed by QCap to perfect its alleged securely interest in the Debtor's water rights (or for that matter any other personal property of the Debtor). Further, QCap does not have possession of the stock certificates (Bank of Utah has possession of them). The water rights are evidenced by stock certificates, and accordingly a creditor asserting a security interest in them must either file a UCC financing statement or obtain possession of the share certificates to perfect that security interest. In contrast, Bank of Utah has filed a UCC financing statement perfecting its interest in the Debtor's water rights.

4.1.3 Disputed QCap Unsecured Claim

QCap asserts that it advanced approximately $5.9 million to the Debtor not evidenced by a promissory note (in addition to the $6.4 million advanced pursuant to a note and trust deed in November 2014). Advances were made during the period from November 2014 through June 2015. Many of these advances are disputed, and there is no promissory note or trust deed that evidences or secures these advances.

In short, the Debtor concedes that QCap advanced $6,400,000 evidenced by a single promissory note but which referred to other documents and agreements that were never negotiated between the parties nor drafted by QCap's counsel. The significance of these referenced but never drafted agreements is being litigated in the QCap Litigation and are subject to the Debtor's setoffs and counterclaims, including the Debtor's entitlement to an award of attorneys' fees and costs. QCap asserts that additional amounts allegedly advanced to or for the benefit of the Debtor also are secured by the Property pursuant to the trust deed. The Debtor disputes this, asserts that any additional claims of QCap are unsecured and/or that QCap's purported lien is unperfected and avoidable under Chapter 5 of the Bankruptcy Code and applicable Utah law.

4.1.4 Other Unsecured Debt

4.1.4.1 Priority Claims

Other than accrued and unpaid post-petition professional fees, the Debtor does not believe it owes any priority debts. The Debtor is current on all of its tax obligations.

4.1.4.2 General Unsecured Claims

As reflected by the Debtor's schedules, other than the Disputed QCap Unsecured Claim, the Debtor's total other unsecured claims are at most $576,466.62, including several disputed unsecured claims. The Debtor scheduled disputed unsecured claims of Sahara, Inc. ($196,561.29) unrelated to the mechanic's lien held by QCap for additional development services Sahara is alleged to have performed and Western Capital Mortgage Services, LLC ($122,818.00) for broker fees for the Crandall investment in the Debtor which is alleged to have already been paid directly to the brokers from loan proceeds at the Crandall closing. Greg Ericksen, a principal of the Debtor, also holds an unsecured claim in the amount of $177,403.04 reflecting a portion of his investment in the Debtor's business.

Given that Western Capital Mortgage Services, LLC and Sahara, Inc. did not file proofs of claims on their unsecured claims described in the preceding paragraph, and that the bar date for them to do so has now passed, their claims are disallowed and they will receive no distributions under the Plan.

4.2 Events Leading to Bankruptcy

4.2.1 The Debtor's Business

Although the Debtor owns the Real Estate and the Film Studio, it is not the operator of the Film Studio. The Debtor's wholly-owned subsidiary Park City Film Studio Development Company, LC ("PCFS") operates the film studio. For example, the Debtor does not have any employees. All employees who manage the Film Studio are PCFS employees. Similarly, the ordinary costs of operating the Film Studio, such as insurance, utilities, and maintenance are paid by PCFS. If PCFS's operation of the Film Studio generates net revenue over the expenses of the operation, then, in the Debtor's discretion, those net revenues would be distributed by PCFS to the Debtor.

As described above, even before construction of the Film Studio was completed in late 2015, the Debtor landed a major television series as a tenant, the ABC series Blood and Oil. But with the cancellation of that program, the Debtor's revenues dropped precipitously in 2016. The Debtor has been required to obtain infusions of capital from its principal Greg Ericksen and entities associated with him in order to keep the Film Studio in operation.

The Debtor believes that the reason the Film Studio's business has struggled through 2016 in part is the effects of interference with the Debtor's business by Crandall, QCap, and a related entity currently named as party defendants in the QCap litigation. Wrongful conduct by Crandall, QCap and their privies has severely injured the reputation of the Film Studio, interfered with the Debtor's contracts and prospective economic relations and placed a "black cloud" of negative publicity and reputation over the Film Studio. Certainly the QCap Litigation, described in greater detail below, is a significant part of this. What major production company would commit to a facility that is the subject of a widely publicized foreclosure proceeding? But the actions of Crandall, QCap, and privies go well beyond an ordinary civil litigation and foreclosure matter.

For example, Crandall asserted a fraud and constructive fraud counterclaim against the Debtor in the QCap litigation. These fraud and constructive fraud claims were dismissed on summary judgment shortly before the Debtor's bankruptcy filing (Ruling and Order attached as Exhibit B). But the damage had already been done. Local Park City radio station KCPW has tracked the dispute between the Debtor and Crandall, and to this day has a story posted on its website: Film Studios Lawsuit Gets Specific – Accuses Developer of Fraud (located at http://kpcw.org/post/film-studios-lawsuit-gets-specific-accuses-developer-fraud).

Similarly, when the ABC series Blood and Oil was being filmed at the Film Studio, Crandall contacted an executive vice president at ABC and demanded payment of $500,000 to be made to his personal account. The payment was never made, but again the damage was done. Of course ABC is

huge in the television and entertainment industry, and is a part of the Disney empire. However, the damage to the Debtor's reputation in the closely knit entertainment industry extends well beyond ABC and Disney.

Accordingly, a significant component of the Plan is to rehabilitate the Debtor's reputation in the industry. To that end, the Plan includes in a second QFund Trust Deed, which is subordinate to all existing liens on the Property, to secure revolving advances in the maximum amount of $3 million. This revolving loan also will be secured by a first lien on all of the Debtor's personal property, including the Firm Studio's equipment and the Debtor's water stock. The purpose of this revolving loan is to fund tenant improvements and working capital for the Debtor's business. The Debtor believes that this funding will enable it to entice substantial productions to lease the facility, and that once the Film Studio regains its reputation in the industry can be rehabilitated.

4.2.2 Disputes and Litigation With Crandall and QCap

4.2.2.1 Pre-Litigation Factual Background

In order for the Debtor to complete construction of the Film Studio and to pay off its loan with Bank of Utah, it required a $29 million capital stack, consisting of a $12 million equity investment to match Ericksen's $12.3 million of equity in the Property, and $17 million of long-term financing. Experienced third-party brokers informed Ericksen that, without first obtaining a $12 million dollar equity investment in the Debtor, traditional lenders would not loan the Debtor the $17 million of additional permanent financing.

In late September 2014, Ericksen was introduced to Crandall, who represented to Ericksen that he would provide or facilitate the entire $29 million capital stack. The parties then entered into an oral agreement whereby Crandall agreed that he would: (1) make a $12 million equity investment in the Debtor in return for becoming a 50/50 owner of the Debtor; (2) arrange for the Debtor to obtain a $17 million permanent financing loan; and (3) in return for completing (1) and (2), Crandall would be granted control of the commercial property component of the Property, the profits of which would be split 75% to Crandall and 25% to Ericksen.

While Crandall repeatedly represented to Ericksen that he had the cash to immediately invest $12 million of equity in the Debtor, he actually had to borrow these funds using other assets he owned as collateral. While Crandall was representing to Ericksen that he would invest the $12 million as equity in the Debtor, emails establish that Crandall was simultaneously representing to the Bank of Utah (from whom he was borrowing the $12 million), that he was merely loaning money to the Debtor, and that he would work out a deal with the Debtor later. From October 2, 2014, through December 22, 2014, the Debtor prepared and delivered to Crandall drafts of five separate letters of intent to document the parties' agreement. Mr. Crandall, however, refused to sign any of these letters of intent, and there is no signed, written agreement documenting the parties' agreement. Each of the binding letters of intent prepared by the Debtor, however, contained the following common provisions:

1. Crandall was to invest $12 million in equity in the Debtor;
2. Crandall would initially advance funds on behalf of the Debtor in the form of a loan (the amount of which loan varied), so he could complete his due diligence;
3. Once he completed his due diligence, Crandall would convert his loan to equity in the Debtor and provide whatever balance of the $12 million that had not been loaned as equity;
4. Crandall had a deadline to convert his loan to equity and to invest his full $12 million of equity, after which he would receive a 50% ownership interest in the Debtor; and
5. After Crandall had invested $12 million in equity, he would then be responsible for obtaining and securing an additional $17 million in permanent financing for the

> Debtor, after this permanent financing had been secured, he would then receive a 75% interest in the commercial development portion of the Property.

Crandall falsely represented to the Debtor that, until he completed his due diligence, he would initially loan $6.4 million to the Debtor based on a secured note, and that when the due diligence was completed in a couple months, his loan would be converted to equity and the security would be released, at which time he would provide the balance of his $12 million equity commitment. In reliance on this representation, the Debtor was induced to sign a $6.4 million promissory note secured by a deed of trust on the Property.

Crandall never intended to provide $12 million in equity to the Debtor. Through two entities that Crandall controls, QCap and Newpark, Crandall allegedly advanced $12.3 million in funds on behalf of the Debtor through Newpark, but contrary to his representations, he never converted his loan into equity in the Debtor. Many of these advances were not authorized or approved by the Debtor. Further, the Debtor has not verified all of the alleged advances.

Crandall never fulfilled his obligation to obtain the $17 million of permanent financing for the Debtor. Instead, Crandall falsely represented that he would become a partner and co-owner of the Debtor, in order to induce the Debtor to sign the Note and Trust Deed, and so that Crandall could later force the Debtor to deed to him the commercial development portion of the Property even though he had not fulfilled his agreement or, if the Debtor refused, then he could foreclose on the signed Note and Trust Deed and obtain the Property for a fraction of its value.

Since the Debtor was depending on Crandall's promises to invest $12 million as equity in the Debtor and to arrange for additional financing so that the Debtor could complete construction of the Film Studio and pay its creditors, Crandall knew that his calculated delay in fulfilling his promises would render the Debtor vulnerable. On June 24, 2015, Crandall demanded that the Debtor immediately deed to him all of commercial development portion of Property, or else he would cut off all further funding. Crandall made this demand even though he had not fulfilled his agreement to invest $12 million of equity in the Debtor and to obtain $17 million of permanent financing for the Debtor. When Ericksen refused this demand, Crandall cut off funding to the film studio and informed Sahara Construction that Crandall and his entities were not a partner in the Debtor but, instead, were only a secured lender.

Crandall also engaged in a series of tortious acts whereby he drove tenants away from the Film Studio, tried to disrupt the film studio's key lease with the ABC television network, made false and defamatory statements accusing Ericksen of fraud, and clouded the Debtor's title to the property with his fraudulently obtained deed of trust and claims of equity ownership, all in an effort to prevent the Debtor from obtaining financing, and thereby force the Debtor to accept his demands. Consistent with his scheme, Crandall hindered the Debtor's efforts to obtain alternative financing by vigorously claiming that QCap was an equity owner in the Debtor.

4.2.2.2 The QCap Litigation

In July 2015, shortly after the Debtor refused Crandall's demands, Crandall through his entity QCap filed a lawsuit in state court against the Debtor, commencing the QCap Litigation. Several weeks later, QCap filed an Amended Complaint that contained various contractual claims and a claim for declaratory relief all based on the assertion that QCap was a 50% owner in the Debtor, and that the funds it had advanced to the Debtor had automatically converted to equity. QCap also included a fraud claim that the Debtor had fraudulently failed to disclose that the Note signed by the Debtor had been changed to include an equity conversion deadline of April 1, 2015, even though the revised Note had been emailed to Crandall three separate times, and to QCap's attorneys once, and despite the fact that the change was clearly visible on the first page of the 3 ½ page Note. Finally, QCap included an alternative claim to judicially foreclosure on its Trust Deed.

The same day that QCap filed its Amended Complaint, it emailed copies of the Amended Complaint (including what the Debtor believed were the spurious fraud claims) to various lenders and brokers who were assisting the Debtor in obtaining financing and it recorded a *Lis Pendens* against the Property. Based on the dispute in ownership over the Debtor and the allegations of fraud, no lenders were willing to provide financing to the Debtor. QCap also alerted a local Park City radio station KCPW (to whom Crandall had donated money) about the allegations in its Amended Complaint, who then ran an article on its website that included a photo of Ericksen under a headline of "Developer Accused of Fraud," and asserted that Ericksen had fraudulently claimed that QCap was only a lender. The radio station also widely published this article in social media.

In September 2015, the Debtor filed an Answer to QCap's Amended Complaint and, the Debtor and Ericksen also filed a Counterclaim and Third-Party Complaint against the QCap Parties, which included breach of contract claims against the QCap Parties, a declaratory relief claim that the QCap Parties were only lenders to the Debtor, a claim to judicially estop the QCap Parties from asserting that they were owners of the Debtor, tortious interference claims, a defamation and false light claim, and a claim that the Debtor was fraudulently induced to sign the Note and Trust Deed. On November 16, 2015, the Debtor and Ericksen filed a partial summary judgment motion on its declaratory relief and equitable estoppel counterclaims and on QCap's fraud claims. The Utah State Court allowed written discovery and several depositions to take place related to the issues raised in this partial summary judgment motion.

In December 2015, Crandall interfered with the Debtor's attempts to work out a deal with investors who were willing to purchase Sahara Construction's mechanic's lien rights, by falsely informing these investors that his Trust Deed had priority over Sahara Construction's lien rights, thereby causing the investors to stop their efforts to purchase these lien rights. Then Crandall purchased the Sahara Construction mechanic's lien himself and filed a separate lawsuit to foreclose on this lien, in a further attempt to obtain the Property for an amount that was far less than its actual value. Based on this conduct, the Debtor and Ericksen added additional claims of tortious interference against the QCap Parties. Over the QCap Parties' opposition, the Utah State Court granted a motion to consolidate the QCap foreclosure action on the Sahara Construction mechanic's lien with the QCap Litigation.

On January 27, 2016, despite the fact that it had filed a judicial foreclosure claim in the QCap Litigation, QCAP initiated a non-judicial foreclosure by recording a substitution of trustee and notice of default and election to sell the Property under the Trust Deed. In the meantime, the parties completed filing supplemental memoranda to their briefing of the Debtor's partial summary judgment motion, and the Court held a lengthy oral argument on this motion on February 29, 2016.

Throughout the first 10 months of the QCap Litigation, the QCap Parties vigorously asserted that they were a partner and equity owner in the Debtor by: (1) filing claims in their Amended Complaint based on their alleged position as equity owners of the Debtor; (2) filing two memoranda that totaled 81 pages in length, together with 58 exhibits that totaled an additional 565 pages of material, all in opposition to the Debtor's partial summary judgment motion, which sought a declaration that the QCap Parties were only lenders; and (3) opposing the partial summary judgment motion at oral argument. On April 22, 2016, just prior to the close of the three month period to reinstate the Trust Deed, the QCap Parties filed a notice of partial withdrawal of opposition to the Debtor's partial summary judgment motion, wherein they conceded that QCap was only a lender to the Debtor, and that it had never converted its loan to equity in the Debtor. Though the QCap Parties gave no significant reason for this 180 degree about-face, it appears to have been done to clear the way for QCap to complete its nonjudicial foreclosure on the Property. As a result, on April 26, 2016, the Utah State Court granted summary judgment in favor of the Debtor on its Third and Fifth Causes of Action, declaring the QCap Parties were only lenders to the Debtor and that they had never converted their loan to equity in the Debtor, and ordering that they were estopped from asserting that they are partners in the Debtor. See Ruling and Order dated 4/26/16, attached as Exhibit C.

On April 28, 2016, the Utah State Court also granted summary judgment in favor of the Debtor dismissing the QCap Parties' claims for fraud and constructive fraud, and denied the QCap Parties leave

to file their proposed counterclaim to assert fraud and state securities fraud claims against Ericksen personally, finding: (1) that Ericksen expressly disclosed that he had revised the draft of the Note; (2) that Ericksen provided the revised Note to Crandall on more than one occasion; (3) that had Crandall or QCap actually read the paragraph of the Note that Ericksen highlighted had been changed, they would have seen the two sentences they accused Ericksen of concealing; (4) the underlying facts were reasonably within the knowledge of both parties; (5) Crandall was a sophisticated businessman, with access to his own attorneys; (6) Crandall was not dependent upon Ericksen to understand the contents of the Note; and (7) that "QCAP has not pointed to any case law, and the Court is not aware of any law, that even remotely supports the proposition that simply belonging to the same religion constitutes a confidential relationship." See Ruling and Order dated 4/28/16, attached as Exhibit B.

QCap's noticed trustee's sale of the Property was scheduled for May 31, 2016. On May 23, 2016, the Debtor initiated this Chapter 11 bankruptcy filing. This Court subsequently granted the Debtor's motion for relief of stay to allow the QCap Litigation to proceed effective July 22, 2016. On that date, the Debtor filed a motion for leave to file a Second Amended Counterclaim and Third-Party Complaint, wherein it seeks to add the following claims: abuse of process and injunctive relief to prevent foreclosure, equitable subordination under Bankruptcy Code § 510, avoidance of unperfected liens, if any, pursuant to Bankruptcy Code § 544, declaratory judgment to eliminate, or alternatively to determine the amount of, the QCap Parties' secured liens or interest in Debtor's property, offset, injunctive relief to prevent foreclosure based on the QCap Parties' unclean hands, injunctive relief to disallow default interest and to extend the deadline to repay loans. In addition, both parties have filed partial summary judgment motions. As of the date of this Disclosure Statement, the Utah State Court has not made any substantive rulings in the QCap Litigation since the Petition Date.

4.3 The Debtor's Assets

4.3.1 The Property

The Debtor's largest asset is the Property, generally described in Section 2 of this Disclosure Statement above. The last appraisal of the Property was done by Appraisal Group, LLC in September 2015, which concluded that the value of the Property was $35.5 million. In addition, QCap obtained its own appraisal of the Property in July 2015, which concluded the value of the Property was $33.7 million.

The Property was purchased by Debtor in 1991 on an installment sale contract which was paid in full in 1995. Thereafter the Property remained free and clear until 2012, when the Debtor obtained construction financing from Bank of Utah.

4.3.2 Personal Property

The Debtor possesses the following investment interests, intellectual property and other personal property: 100% ownership of 40.84 SWDC Class A water shares, with an appraised value of $815,000; 62.5% ownership in Utah Virtual Stage, LC, which has an estimated value of $28,362; 100% interest in PCFS which has an estimated value of $25,000; office furniture, fixtures, and equipment with an estimated value of approximately $18,000; Park City Film Studios Trademark with an estimated value of approximately $7,000; internet domain names and websites with estimated value of approximately $11,500.

4.3.3 Deposit and Other Accounts

The Debtor maintains a debtor-in-possession bank account, and the amount in this account fluctuates on a daily basis. Pursuant to the Consent Order on Debtor's Motion for Order Authorizing the Use of Cash Collateral [Docket No. 115], the Debtor and PCFS have used cash collateral and operated the Film Studio within its operating budget.

4.3.4 Claims Against Third Parties

The Debtor believes that it has Claims against the QCap Parties which are generally described above in Section 4.2.2.2 of this Disclosure Statement. Attached as Exhibit D to this Disclosure Statement is a copy of the Debtor's proposed Second Amended Counterclaim and Third-Party Complaint, which is incorporated into this Disclosure Statement by reference. Unless QCap votes all of its Claims in support of the Plan, and also makes the election afforded to it in Section 4.5(e) of the Plan, then the Debtor intends to continue to pursue the claims asserted in the a Second Amended Counterclaim and Third-Party Complaint (the "QCap Claims"). The Debtor has estimated the value of the QCap Claims in the amount of $16,600,000 excluding claimed interest and attorneys' fees.

4.4 Significant Events During the Bankruptcy Case

4.4.1 Debtor's Retention of Professionals

On May 23, 2016, the Debtor filed its application to employ the law firm of Cohne Kinghorn, P.C. as its general bankruptcy counsel, and to employ Preston & Scott, LLC as its special litigation counsel. On May 24, 2016, the Debtor filed its application to employ Rocky Mountain Advisory as its accountants and financial advisors. These applications were granted by Orders dated June 16, 2016.

4.4.2 Debtor's Motion for Relief from Stay Concerning QCap Litigation

Four days after its bankruptcy filing, the Debtor filed a motion for relief from the bankruptcy automatic stay to allow the QCap Litigation to proceed in Utah State Court. QCap opposed aspects of the relief sought, but ultimately the Court granted the motion by Order dated July 11, 2016.

4.4.3 Cash Collateral

By Order entered August 15, 2016, the Court authorized the Debtor and PCFS to use and spend cash, including as applicable cash collateral, to pay the expenses identified on a budget attached to the Order as Exhibit A (the "Operating Budget"), on a final basis through and including October 31, 2016.

4.4.4 Post-Petition Financing

By Order entered June 16, 2016, the Court approved the extension of post-petition credit by R3 Media Corporation to the Debtor in the total amount of $100,000. As of the date of this Disclosure Statement, approximately $39,000 has been advanced under this approved post-petition credit line.

4.4.5 Bank of Utah Adequate Protection Stipulation

By Order entered August 11, 2016, the Court approved the Debtor's adequate protection stipulation with Bank of Utah, pursuant to which Bank of Utah is to receive adequate protection payments of $23,883.30 per month. These payments have been made as required.

4.4.6 SARE Motion

QCap filed a motion to designate the Debtor as a single asset real estate entity. The Debtor opposed that motion, which was ultimately resolved through the parties' compromise in the Consent Order on Motion to Designate Quinn's Junction Properties LC as a Single Asset Real Estate Debtor dated August 12, 2016 [Docket No. 112]. Pursuant to that Order, the Debtor agreed to file the Plan by September 18, 2016. The Debtor disputes that it is a single asset real estate entity.

4.4.7 Mediation

The Debtor and QCap agreed to mediation pursuant to the Court's Settlement Conference Order dated July 13, 2016 [Docket No. 81]. The mediation was conducted by the Hon. Kevin R. Anderson on August 2, 2016. Although the parties exchanged settlement proposals, the mediation was unsuccessful.

4.4.8 Motion to Compel

On August 4, 2016, QCap filed its Consolidated Motion of Creditor Quinn Capital Partners, LLC to Compel Testimony from Greg Ericksen and Production of Documents from Debtor and Park City Film Studios Development Company under Penalty of Contempt for Failure to Comply with Subpoenas [Docket No. 104] (the "Motion to Compel"). The Court conducted a hearing on the Motion to Compel on September 8, 2016, at which hearing the Court continued the hearing on the Motion to Compel without date, but for the most part rejected the relief sought by QCap through its Motion to Compel. The Debtor stipulated that it would make Ericksen available in mid-October 2016 for limited questioning.

5.

LIQUIDATION AND FINANCIAL ANALYSIS

5.1 Best Interest of Creditors and Comparison with Chapter 7 Liquidation

In the event the Debtor's Chapter 11 case were converted to a case under Chapter 7 of the Bankruptcy Code, the Debtor would be required to cease all operations, and a Chapter 7 trustee would be appointed to liquidate the estate's assets. The Debtor's largest asset is the Property, and the appraised value of the Property is greater than all of the Claims asserted against the Debtor. As a result, either in Chapter 7 or 11, creditors would likely be paid in full. However, unlike a Chapter 7 liquidation, the Debtor's Plan will preserve equity value for the owner of the Debtor, will preserve jobs and the enterprise value of the Debtor's business, all of which would be lost in a Chapter 7 liquidation.

A liquidation analysis with respect to the Debtor's assets is attached as Exhibit E. Certain assumptions have been made with respect to, among other things, the claims against the Debtor and the nature and extent of the Debtor's assets. The assumptions utilized to prepare the liquidation analysis are attached to the liquidation analysis.

5.2 Feasibility of the Plan

In general, a bankruptcy reorganization that is dependent on the outcome of litigation is not feasible. For that reason, even though the Debtor is optimistic concerning success in its claims against Crandall and the QCap Parties, the Plan proposed is not dependent on the outcome of the QCap Litigation. The Plan is feasible regardless of whether the Debtor is completely successful through the QCap Litigation; and is also feasible if QCap is completely successful in that litigation.

The Plan proposes to pay virtually all of QCap's secured claims on the Initial Payment Date. It also proposes to pay in full Bank of Utah on the Initial Payment Date. With respect to QCap's unsecured claims, it generally proposes at QCap's election either (a) a lump sum payment of $4,000,000 on the Initial Payment Date, or (b) payment in full over a five year period, plus interest at the Plan Rate.

Under any scenario, the Debtor will be required to obtain significant amounts of capital to complete its Plan. The Debtor proposes to do this through two trust deeds in favor of QFund, which are described in Section 5.5 of the Plan. The first priority QFund Trust Deed will be secured by a first-priority lien on the Property, senior to the remaining amounts, if any, of the Secured Claims asserted by QCap pursuant to Bankruptcy Code § 364. The first priority QFund Trust Deed shall be extended for the

purpose of funding the payments due to creditors under this Plan. All credit extended pursuant to the first priority QFund Trust Deed simply pays off existing secured debt and replaces it with new secured debt. However, the new replacement secured debt carries interest at a much lower interest rate.

At the hearing to consider confirmation of this Plan, the Debtor shall seek the Bankruptcy Court's determination that the first priority QFund Trust Deed is secured by a senior, first priority lien on all Property of the Debtor's Estate. The Debtor submits that a "priming" lien is entirely appropriate under Bankruptcy Code § 364 because the Debtor has been unable to obtain such credit otherwise. In particular, the Debtor's principal has met with numerous mortgage companies and banks and been advised it would be impossible to obtain a loan sufficient to fund the Plan with a lien junior to the existing Disputed QCap Secured Claim. Moreover, QFund is adequately protected by the proposed transaction, as a result of (a) the value of the Property, which QFund has admitted through its filed proofs of claim in this case, and (b) the fact that the proposed QFund Trust Deeds carry an interest rate that is far lower than the default rate of ten percent per annum on the existing Disputed QCap Secured Claim.

The second priority QFund Trust Deed shall be a revolving line of credit loan, in the maximum principal amount of $3,000,000, for the purpose of funding tenant improvements and the Reorganized Debtor's working capital needs. The Debtor believes in the exercise of its business judgment that this amount will be sufficient to rehabilitate the reputation of the Studio, fund its present operations pending a substantial new production taking residence at the Studio, and to potentially fund tenant improvements or other amounts that may be necessary to entice a substantial new production to the Studio.

The QFund Trust Deeds shall bear interest at the rate of 1% per annum, and shall be paid interest only monthly payments, with full maturity of all unpaid principal, interest, and other amounts due under the QFund Trust Deeds on the seventh anniversary of the Effective Date. The second priority QFund Trust Deed shall also be secured by all of the Debtor's personal property, including without limitation the Debtor's 40.84 Class A water shares.

Copies of the proposed QFund Trust Deeds, and the promissory notes they will secure, are attached to this Disclosure Statement as Exhibit F.

QFund is a newly-formed, single purpose Colorado limited liability company. Its President and CEO is Dick Bayer. Mr. Bayer has no relationship at all with the Debtor or its principals. Mr. Bayer is associated with the ReAlignment Group, Ltd. based in Denver, Colorado. Quinn's Junction Partnership, the sole member of the Debtor, will have an equity interest in QFund. QFund will be the source of capital for funding the Plan and will extend the loans evidenced by the QFund Trust Deeds. Section 5.4 of this Disclosure Statement below describes the proof the Debtor will provide to the Court and parties in interest to demonstrate QFund's financial wherewithal to fund the loans evidenced by the QFund Trust Deeds.

After the Initial Payment Date, the Debtor will continue to operate the Property through PCFS. The Plan assumes that PCFS will pay a salary to Ericksen for his services of $120,000 per year. However, Section 5.6 of the Plan allows the Debtor to enter into a new contract with an entity or individual for the purpose of managing and operating its film studio, subject to Bankruptcy Court approval. If the Debtor pursues this option, then it will provide notice of a motion for Bankruptcy Court approval of the new contract to all parties in interest. The Debtor may pursue this option either before or after confirmation of this Plan.

The forecast attached to this Disclosure Statement included as part of Exhibit G demonstrates that the Plan is feasible. The forecast is based on assumed revenue and operating expenses. Nevertheless, it should be noted that the projections attached to the Plan as Exhibit G are based upon estimates and assumptions that, although developed and considered reasonable by the Debtor and its advisors, are inherently subject to significant economic and competitive uncertainties and contingencies beyond the Debtor's control. Accordingly, there can be no assurance that the projected performance reflected in the projections will be realized.

It must be recognized that the Plan, and the projections provided with this Plan, are not immune to market conditions, and it is possible that the projected market conditions will not improve, or will even decline over the next ten years. The Plan does not constitute a risk-free restructuring of debt.

5.3 Funds Sufficient for Payments Required Under the Plan

Assuming that the QCap votes all of its claims in favor of the Plan, and makes the election for a lump sum distribution available under Section 4.5(e) of the Plan (and hence that the Debtor is required to produce the maximum amount of cash on the Initial Payment Date), then the Debtor will be required to borrow $19,303,309 from QFund to make its payments due on the Initial Payment Date. The Debtor will include together with the Plan Supplement documentation establishing (a) QFund's commitment to fund these payments; and (b) QFund's financial wherewithal to make these payments.

5.4 Risks Inherent in the Plan

The confirmation of the Plan carries inherent risks based on the Reorganized Debtor's ability to effectuate the terms of the Plan. As with any business venture, the Reorganized Debtor's future performance is subject to economic, financial, legal, political, catastrophic and other conditions and contingencies beyond the Debtor's control or anticipation. Among other things, the Debtor's profitability is affected by the availability of film incentives in the form of a rebate for in-state spending by out-of-state production companies who come to the State of Utah to entice productions to this state.

Notwithstanding the foregoing, which the Debtor views as ordinary business risks for its industry and geographic location, the Debtor is confident that it can return to a normal course of business shortly after confirmation of the Plan. The causes of the Debtor's bankruptcy filing, which are described above, have been resolved through the debt adjustment process of the Plan. Accordingly, the Debtor does not believe that the Reorganized Debtor will present any increased business risk to creditors under the Plan.

5.5 Alternative Plans of Reorganization

If the Plan is not confirmed, another party in interest in the case could attempt to formulate and propose a different plan or plans. Such plans might, theoretically, involve either a reorganization and continuation of the Debtor's businesses, or an orderly liquidation of their assets, or a combination thereof. To date, the Debtor has not received any concrete suggestions for alternate plans.

5.6 Risk Factors

Both failure to achieve confirmation of the Plan, and consummation of the Plan, are subject to a number of risks. These risks include the following: (i) market conditions identified above; (ii) there is no assurance of recovery from the Causes of Action and the QCap Claims; (ii) it is possible that Professional Fees could exceed the Debtor's predictions. In addition, there are certain risks inherent in the Chapter 11 process. If certain standards set forth in the Bankruptcy Code are not met, the Bankruptcy Court will not confirm the Plan even if creditors accept the Plan. Although the Debtor believes that the Plan meets such standards, there can be no assurance that the Bankruptcy Court will reach the same conclusion. If the Bankruptcy Court were to determine that such requirements were not met, it could require the Debtor to resolicit acceptances, which could delay and/or jeopardize confirmation of the Plan. The Debtor believes that the solicitation of votes on the Plan will comply with section 1126(b) of the Bankruptcy Code and that the Bankruptcy Court will confirm the Plan. The Debtor, however, can provide no assurance that modifications of the Plan will not be required to obtain confirmation of the Plan, or that such modifications will not require a resolicitation of acceptances.

5.7 Taxation

5.7.1 Introduction

The following discussion summarizes certain of the important federal income tax consequences of the transactions described herein and in the Plan. This discussion is for informational purposes only and does not constitute tax advice. This summary is based upon the Internal Revenue Code and the Treasury Regulations promulgated thereunder, including judicial authority and current administrative rulings and practice. Neither the impact on foreign holders of claims and equity interests nor the tax consequences of these transactions under state and local law is discussed. Also, special tax considerations not discussed herein may be applicable to certain classes of taxpayers, such as financial institutions, broker-dealers, life insurance companies and tax-exempt organizations. Furthermore, due to the complexity of the transactions contemplated in the Plan, and the unsettled status of many of the tax issues involved, the tax consequences described below are subject to significant uncertainties. No opinion of counsel has been obtained and no ruling has been requested from the Internal Revenue Service ("IRS") on these or any other tax issues. There can be no assurance that the IRS will not challenge any or all of the tax consequences of the Plan, or that such a challenge, if asserted, would not be sustained. **HOLDERS OF CLAIMS AGAINST AND EQUITY INTERESTS IN THE DEBTOR ARE THEREFORE URGED TO CONSULT WITH THEIR TAX ADVISORS REGARDING THE FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSEQUENCES OF THE TRANSACTIONS DESCRIBED HEREIN AND IN THE PLAN.**

To ensure compliance with requirements imposed by the IRS in Circular 230, we inform you that, unless we expressly state otherwise in this communication (including any attachments), any tax advice contained in this communication is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding penalties under the Internal Revenue Code or (ii) promoting, marketing, or recommending to another party any transaction or other matter addressed.

5.7.2 Tax Consequences to the Debtor

Cancellation of Indebtedness. Generally, the Debtor will realize cancellation of debt ("COD") income to the extent that the Debtor pays a creditor pursuant to the Plan an amount of consideration in respect of a Claim against the Debtor that is worth less than the amount of such Claim. For this purpose, the amount of consideration paid to a creditor generally will equal the amount of cash or the fair market value of property paid to such creditor. Because the Debtor will be in a bankruptcy case at the time the COD income is realized (if any is realized), the Debtor will not be required to include COD income in gross income, but rather will be required to reduce tax attributes by the amount of COD income so excluded. The Debtor anticipates that, after the reduction of tax attributes as a consequence of the realization of COD income, the Debtor will have remaining net operating losses ("NOLs") and built-in losses. Moreover, Section 382 of the IRC could substantially limit, or deny in full, the availability of the Debtor's net operating loss and tax credit carry forwards as a result of the transactions contemplated under the Plan.

In addition, the Debtor is a Utah limited liability company, and its tax attributes pass through to its sole member, Quinn Junction Partnership. As a result, any tax consequences to the Debtor should not adversely affect the Plan, but should instead be realized through Quinn Junction Partnership's tax situation. The Debtor recommends that Quinn Junction Partnership should seek independent tax advice concerning the effect of the Plan on his individual tax situation. The Plan provides for the Debtor to reimburse Quinn Junction Partnership for any income tax liability it may incur as a direct result of the Debtor's income.

5.7.3 Tax Consequences to Creditors

In General. The federal income tax consequences of the implementation of the Plan to a holder of a Claim will depend, among other things, on: (a) whether its Claim constitutes a debt or security for federal income tax purposes, (b) whether the claimant receives consideration in more than one tax year,

(c) whether the claimant is a resident of the United States, (d) whether all the consideration by the claimant is deemed by be received by that claimant as part of an integrated transaction, (e) whether the claimant reports income using the accrual or cash method of accounting, and (f) whether the holder has previously taken a bad debt deduction or worthless security deduction with respect to the Claim.

Gain or Loss on Exchange. Generally, a holder of an Allowed Claim will realize a gain or loss on the exchange under the Plan of his or her Allowed Claim for cash and other property in an amount equal to the difference between (i) the sum of the amount of any cash and the fair market value on the date of the exchange of any other property received by the holder (other than any consideration attributable to accrued but unpaid interest on the Allowed Claim), and (ii) the adjusted basis of the Allowed Claim exchanged therefor (other than basis attributable to accrued but unpaid interest previously included in the holder's taxable income). Any gain recognized generally will be a capital gain (except to the extent the gain is attributable to accrued but unpaid interest or accrued market discount, as described below) if the Claim was a capital asset in the hand of an exchanging holder, and such gain would be a long-term capital gain if the holder's holding period for the Claim surrendered exceeded one (1) year at the time of the exchange.

Any loss recognized by a holder of an Allowed Claim will be a capital loss if the Claim constitutes a "security" for federal income tax purposes or is otherwise held as a capital asset. For this purpose, a "security" is a debt instrument with interest coupons or in registered form.

5.8 Information Reporting and Backup Withholding

Under the backup withholding rules of the Internal Revenue Code, holders of Claims may be subject to backup withholding at the rate of 31 percent with respect to payments made pursuant to the Plan unless such holder (i) is a corporation or comes within certain other exempt categories and, when required, demonstrates this fact, or (ii) provides a correct taxpayer identification number and certifies under penalties of perjury that the taxpayer identification number is correct and that the holder is not subject to backup withholding because of a failure to report all dividends and interest income. Any amount withheld under these rules will be credited against the holder's federal income tax liability. Holders of Claims may be required to establish exemption from backup withholding or to make arrangements with respect to the payment of backup withholding.

5.9 Importance of Obtaining Professional Assistance

THE FOREGOING IS INTENDED TO BE A SUMMARY ONLY AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING WITH A TAX PROFESSIONAL. THE FEDERAL, STATE, AND FOREIGN TAX CONSEQUENCES OF THE PLAN ARE COMPLEX AND, IN MANY AREAS, UNCERTAIN. ACCORDINGLY, EACH HOLDER OF A CLAIM OR EQUITY INTEREST IS STRONGLY URGED TO CONSULT WITH HIS OWN TAX ADVISOR REGARDING SUCH TAX CONSEQUENCES.

6.

CAUSES OF ACTION

6.1 Preferences

Under the Bankruptcy Code, a debtor may recover certain preferential transfers of property, including cash, made while insolvent during the 90 days immediately prior to the filing of its bankruptcy petition with respect to pre-existing debts, to the extent the transferee received more than it would have in respect of the pre-existing debt had the debtor been liquidated under Chapter 7 of the Bankruptcy Code. In the case of "insiders," the Bankruptcy Code provides for a one-year preference period. There are certain defenses to such recoveries. Transfers made in the ordinary course of the debtor's and

transferee's business according to the ordinary business terms in respect of debts less than 90 days before the filing of a bankruptcy are not recoverable. Additionally, if the transferee extended credit subsequent to the transfer (and prior to the commencement of the bankruptcy case), such extension of credit may constitute a defense to recovery, to the extent of any new value, against an otherwise recoverable transfer of property. If a transfer is recovered by the debtor, the transferee has an unsecured claim against the debtor to the extent of the recovery. Attached hereto as Exhibit H is a schedule of Persons to whom the Debtor made payments during the 90-day period prior to bankruptcy. No payments were made by the Debtor to any Creditor who was an insider within one year before the Debtor's bankruptcy filing.

Although the Debtor and its estate reserve the right to prosecute preference causes of action, the Debtor has proposed payment in full to creditors through the Plan. As a result, assuming the Debtor succeeds in reorganizing through the Plan, there would be no benefit to pursuing preference claims, and the Debtor does not intend to pursue such Claims if the Plan is successfully implemented.

6.2 Fraudulent Transfers

Under the Bankruptcy Code and various state laws, a debtor may recover certain transfers of property, including the grant of a security interest in property, made while insolvent or which rendered the debtor insolvent. The Debtor is not aware of any such transfers. However, the Debtor and its estate reserve the right to pursue fraudulent transfer causes of action if facts come to light which show that such claims exist.

6.3 Causes of Action Generally

The actions referred to above are not exhaustive. The Debtor reserves its right to identify and bring lawsuits based on additional preferences, fraudulent transfers, post-petition transfers, other Avoidance Actions, and any other actions, including, without limitation, the QCap Claims. The Debtor has conducted a limited analysis of potential recoveries under Chapter 5 of the Bankruptcy Code. Any and all avoidance actions and rights pursuant to sections 542, 543, 544, 545, 547, 548, 549, 550 and 553 of the Bankruptcy Code and all causes of action under state, federal or other applicable law shall be retained and may be prosecuted or settled by the Debtor.

Under the Plan, the Debtor's rights to object to all Claims and Interests asserted against the Estate and all of the Debtor's or Estate's Causes of Action, including without limitation: (1) the QCap Claims; (2) the Debtor's Causes of Action asserted in any adversary proceeding or other litigation including the District Court Litigation) which is pending as of the Confirmation Date; and (3) any and all other Claims and Causes of Action that the Debtor holds preconfirmation, including, but not limited to, Claims for unpaid accounts receivable and fraudulent transfer, shall vest in the Estate.

The Plan provides that unless a Claim or Cause of Action against any Person is expressly waived or released in the Plan or any Final Order of the Bankruptcy Court, the Estate expressly reserves such Claim or Cause of Action for later adjudication (including without limitation, Claims and Causes of Action not specifically identified or which the Debtor may presently be unaware or which may arise or exist by reason of additional facts or circumstances unknown to the Debtor at this time or facts and circumstances which may change or be different from those which the Debtor now believes to exist) and, therefore, no preclusion doctrine, including without limitation, the doctrines of res judicata, collateral estoppel, issue preclusion, claims preclusion, waiver, estoppel (judicial, equitable, or otherwise) or laches shall apply to such Claims or Causes of Action upon or after the confirmation or consummation of the Plan based on the Disclosure Statement, the Plan, or the Confirmation Order, except where such Claims or Causes of Action have been expressly released in the Plan or any other Final Order of the Bankruptcy Court.

7.

VOTING PROCEDURES AND REQUIREMENTS

7.1 Ballots and Voting Deadline

A ballot to be used to vote to accept or reject the Plan is enclosed with this Disclosure Statement. A creditor who is voting must (1) carefully review the ballot and instructions thereon, (2) complete and execute the ballot indicating the creditor's vote to either accept or reject the Plan, and (3) return the executed ballot to the address below.

Pursuant an Order of the Bankruptcy Court, to be counted for voting purposes, ballots for the acceptance or rejection of the Plan must be received by counsel for the Debtor by 4:00 p.m. Salt Lake City time, on February 10, 2017, at the following address:

Quinn's Junction Properties, LC.
c/o Ballot Tabulation
Cohne Kinghorn, P.C.
111 East Broadway, 11th Floor
Salt Lake City, Utah 84111

7.2 Creditors Entitled to Vote

Each holder of an Allowed Claim in an impaired Class which retains or receives property under the Plan is entitled to vote separately to accept or reject the Plan.

7.3 Nonconsensual Confirmation

If any impaired Class entitled to vote does not accept the Plan, or if any impaired class is deemed to have rejected the Plan, the Debtor reserves the right (i) to confirm the Plan under Section 1129(b) of the Bankruptcy Code, and (ii) to amend the Plan to the extent necessary to obtain entry of a Confirmation Order.

7.4 Voting Procedures

All voting procedures are described in the Bankruptcy Court's Order (i) Approving Disclosure Statement with Respect to the Plan of Reorganization under Chapter 11 of the Bankruptcy Code, (ii) Establishing Voting Record Date, (iii) Approving Solicitation Procedures, Forms of Ballots, and Manner of Notice, and (iv) Fixing the Deadline for Filing Objections to the Confirmation of the Plan, entered on December 19, 2016.

7.5 Vote Required for Class Acceptance. The Bankruptcy Code defines acceptance of a plan of reorganization by a class of Claims as the acceptance by holders of at least two-thirds (2/3) in dollar amount and more than one-half in number of the allowed Claims of the class actually voting to accept or reject the proposed plan of reorganization.

8.

CONCLUSION

In sum, the projections indicate that the Reorganized Debtor will be able to fund and perform under the Plan without any interruption of its operations. Unlike a liquidation in a Chapter 7 bankruptcy proceeding, the Plan provides for payment in full to all creditors and also a preservation of the Debtor's business and the Debtor's owner's investment in that business. The Plan is therefore a feasible and desirable way of benefiting all creditors and the Debtor's equity holder.

THE DEBTOR STRONGLY URGES ALL CREDITORS TO VOTE TO ACCEPT THE PLAN.

Dated: January 10, 2017

/s/ Greg Ericksen
Greg Ericksen
Quinn's Junction Properties, LC.