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**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

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IN RE:	: Chapter 11
	: :
ARCAPITA BANK B.S.C.(c), et al.,	: Case No. 12-11076 (SHL)
	: :
Debtors.	: Jointly Administered
	: :
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**NOTICE RELATING TO DEBTORS' MOTION FOR AN ORDER AUTHORIZING
THE DEBTORS TO FILE UNDER SEAL REFERENCES TO TERMS OF
CONFIDENTIAL LUSAIL AGREEMENTS**

PLEASE TAKE NOTICE that a hearing was held on May 31, 2012 (the "**May 31 Hearing**") in the above-captioned chapter 11 cases (the "**Chapter 11 Cases**"), at which the Honorable Sean H. Lane, United States Bankruptcy Judge, granted the *Debtors' Motion for Order Authorizing the Debtors to File Under Seal References to Terms of Confidential Lusail Agreements* [Docket No. 151] (the "**Motion**").

1. By the Motion, Arcapita Bank B.S.C.(c) ("**Arcapita**") and certain of its subsidiaries, as debtors and debtors in possession (collectively, the "**Debtors**"), requested authority, pursuant to section 107 of title 11 of the United States Code (the "**Bankruptcy Code**") and Bankruptcy Rule 9018, for the Debtors and other parties involved in the Chapter 11 Cases

to: (a) redact various contracts, leases and agreements (defined in the Motion and hereinafter referred to as the “*Lusail Agreements*”)¹ annexed as exhibits to the Debtors’ *Motion Pursuant to Sections 365(d)(3) and 363(b)(1) of the Bankruptcy Code for Authorization for Arcapita To Make Investment To Support the Lusail Joint Venture* [Docket No. 150] (the “*Lusail Motion*”) in the Lusail Motion and other disclosures, applications, motions, and other pleadings (collectively, “*Disclosures*”) filed publicly with the Court; (b) file unredacted copies of such Disclosures with the Court under seal; and (c) provide unredacted copies of such Disclosures to the Official Committee of Unsecured Creditors and the United States Trustee for the Southern District of New York.²

2. At the May 31 Hearing, the Debtors agreed to provide notice to the public of the general terms of the Lusail Agreements to the extent permitted by confidentiality provisions contained in the Lusail Agreements. Accordingly, the Debtors hereby submit the following summary of the Lusail Agreements.

A. The Land Purchase Agreement Between Al Imtiaz and Qatari Diar (*Not an Exhibit to the Lusail Motion*)

3. On June 6, 2008, Al-Imtiaz Investment Co. K.S.C.(c) (“*Al Imtiaz*”) entered into a “Land Purchase Agreement” with state-controlled developer Qatari Diar Real Estate Investment Company (“*Qatari Diar*”). Pursuant to the Land Purchase Agreement, Al Imtiaz acquired an interest in a 3,659,080 square meter plot of land in Lusail City, Qatar known as Golf-REC/01 (the “*Lusail Land*”). The Land Purchase Agreement provides that Qatari Diar will only transfer deed of title upon (a) Qatari Diar’s approval of a detailed master plan for the site and

¹ Those agreements comprising the Lusail Agreements are listed in the Motion.

² Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Lusail Motion.

infrastructure schedule and (b) payment in full of all installment payments due under the Land Purchase Agreement.

**B. The Lusail Joint Venture Shareholders Agreement Between QRE and Barwa
(Not an Exhibit to the Lusail Motion)³**

4. On October 28, 2008, Al Imtiaz sold 50% of its interest in the Lusail Land to QRE Investment W.L.L. (“**QRE**”), an Arcapita Group investment vehicle. The purchase price of QRE’s interest in the Lusail Land was \$274 million;⁴ half of which (\$137 million) was paid in cash on closing and half of which was to be paid by QRE in future installments through QRE’s assumption of certain of Al Imtiaz’s obligations under the Land Purchase Agreement (the “**QRE Land Payments**”).

5. On April 16, 2011, Al Imtiaz sold its remaining 50% interest in the Lusail Land to Barwa Real Estate Company (“**Barwa**”). QRE and Barwa formed a joint venture (the “**Lusail Joint Venture**”) and executed a shareholders agreement (the “**Shareholders Agreement**”), pursuant to which QRE and Barwa each transferred their interest in the Lusail Land to the Lusail Joint Venture in exchange for a 50% shareholder interest in the joint venture. Among other things, the Lusail Joint Venture agreed to make the remaining land payments under the Land Purchase Agreement to Qatari Diar (including the QRE Land Payments).

6. The Lusail Joint Venture’s commitment to make the remaining land payments was supported by both parties’ promise to fund the Lusail Joint Venture with loans necessary to

³ The Shareholders Agreement is not one of the Lusail Agreements. Nevertheless, a summary of the Shareholders Agreement is provided here for the sake of convenience in order to put the description of certain Lusail Agreements into context.

⁴ All amounts set forth herein are in United States Dollars even though payments due under the Land Purchase Agreement and certain other documents related to the Lusail Land are denominated in Qatari Riyals.

fund the payments pursuant to a schedule (the “*Drawdown Schedule*”). The Drawdown Schedule corresponds to remaining payments due under the Land Purchase Agreement.

C. Agreements Related to the 2012 Transactions

7. In March of 2012, Arcapita and QRE entered into a series of transactions (the “*2012 Transactions*”) with Qatar Islamic Bank (“*QIB*”) that comprised a sale of QRE’s shares in the Lusail Joint Venture (the “*Shares*”) and a simultaneous lease of such Shares. The 2012 Transactions were effectuated by the execution of the following agreements:

The Share Purchase Agreement [Exhibit B to the Lusail Motion]

8. QRE and QIB entered into a Share Purchase Agreement whereby QRE sold the Shares to QIB for approximately \$200 million, and QIB, as the new 50% shareholder in the Lusail Joint Venture, agreed to assume QRE’s obligations under the Shareholders Agreement. The Share Purchase Agreement contains a confidentiality provision prohibiting all parties thereto from disclosing, directly or indirectly, any information as to the terms, conditions or provisions of the agreement, or any other information not generally available to third parties as to the business, secrets, dealings, transactions or affairs of or relating to any other party or the Lusail Joint Venture (hereinafter, a “*Confidentiality Provision*”).

The Lease [Exhibit C to the Lusail Motion]

9. QIB and Arcapita entered into a lease agreement (the “*Lease*”) whereby QIB leased its interest in the Lusail Land and connected ownership rights in connection with its ownership of the Shares back to Arcapita for three years, and in return, Arcapita agreed to pay to QIB semi-annual rent payments of \$10 million and further agreed to make all payments due from QIB under the Shareholders Agreement, expressly including those set forth in the Drawdown Schedule. The Lease provides for immediate termination, prior to expiration of the three-year lease period, upon Arcapita’s failure to meet any of its Lease obligations, including Arcapita’s

failure to make any payment due under the Lease. The Lease also contains a Confidentiality Provision that is substantially similar to the Confidentiality Provision contained in the Share Purchase Agreement (except, in favor of Arcapita and QIB, as parties to the Lease).

The Promise to Sell [Exhibit D to the Lusail Motion]

10. QIB and Arcapita entered into a Promise to Sell agreement whereby QIB granted Arcapita an option (the “*Option*”) to repurchase the Shares at any time during the lease period for \$220 million (*i.e.*, the original purchase price plus a \$20 million call premium (the “*Call Premium*”). The Promise to Sell provides that the Option shall cease to be exercisable upon termination of the Lease for any reason; including, for example, Lease termination on account of Arcapita’s failure to make any payment due under the Lease. The Promise to Sell also contains a Confidentiality Provision that is substantially similar to the Confidentiality Provision contained in the Share Purchase Agreement.

The QRE Letter Agreement [Exhibit E to the Lusail Motion]

11. QRE and Arcapita entered into an agreement (the “*QRE Letter Agreement*”) whereby QRE agreed to deposit the proceeds from the Share Purchase Agreement with Arcapita, and in return, Arcapita agreed to (i) hold the Option for QRE’s benefit, and exercise the Option at QRE’s direction; (ii) make payments as required under the Lease; and (iii) pay the \$20 million Call Premium with respect to the Option. The QRE Letter Agreement also contains a Confidentiality Provision that is substantially similar to the Confidentiality Provision contained in the Share Purchase Agreement (except, in favor of Arcapita and QRE, as parties to the QRE Letter Agreement).

Dated: New York, New York
June 12, 2012

Respectfully submitted,

/s/ Matthew J. Williams

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