

Consents in Connection With Sale By Non-Debtor Subsidiary (the “**Sunrise Sale Motion**”), filed concurrently herewith and incorporated by reference.¹ In support of the Motion, the Debtors respectfully represent:

BACKGROUND

1. On March 19, 2012 (the “**Petition Date**”), Arcapita and five of its affiliates, AIHL, ALTHL, WindTurbine Holdings Limited, AEID II Holdings Limited, RailInvest Holdings Limited (collectively, the “**Initial Debtors**”), commenced cases under chapter 11 of the Bankruptcy Code. On April 30, 2012, Falcon Gas Storage Co., Inc. commenced a case under chapter 11 (collectively, with the chapter 11 cases of the Initial Debtors, the “**Chapter 11 Cases**”) of the Bankruptcy Code.

2. The Debtors are operating their businesses and managing their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No request has been made for the appointment of a trustee or an examiner in the Chapter 11 Cases. On April 5, 2012, the Office of the United States Trustee appointed an official committee of unsecured creditors in these Chapter 11 Cases (the “**Committee**”). The Committee has retained legal counsel and financial advisors.

3. Arcapita Bank, together with its Debtor and non-Debtor subsidiaries (collectively the “**Arcapita Group**”) historically employed 268 people with offices in Atlanta, London, Hong Kong and Singapore in addition to its Bahrain headquarters. The Arcapita Group is primarily engaged in the purchase, management and sale of investment opportunities for its own account and the account of third parties. The underlying investments made by the Arcapita Group are generally medium to long-term projects that have limited value in the short term and often

¹ Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Sunrise Sale Motion.

require significant on-going capital funding to complete in order to realize the value of the investment. The Arcapita Group also derives revenue from managing assets under investment. As of the Petition Date, the Arcapita Group had approximately \$7 billion in assets under management.

JURISDICTION AND VENUE

4. The Court has jurisdiction to consider this Motion pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

RELIEF REQUESTED

5. By this Motion, the Debtors request that the Court enter an order (a) shortening the notice period for the Sunrise Sale Motion such that it may be heard by the Court no later than December 18, 2012 at 11:00 a.m., and (b) requiring that objections to the Sunrise Sale Motion, if any, be filed and served so that they are received in accordance with this Motion no later than December 11, 2012, at 12:00 p.m.

BASIS FOR RELIEF

6. Bankruptcy Rule 2002(a)(2) requires a debtor to provide 21 days' notice by mail of a motion proposing to use, sell or lease property of the estate other than in the ordinary course of business unless the court, for cause shown, shortens the notice period required for a hearing. Fed. R. Bankr. P. 2002(a)(2). Bankruptcy Rule 9006(c)(1) and Local Rule 9006-1(b) authorize the Court, for cause shown, to reduce the notice period required for a hearing. Fed. R. Bankr. P. 9006(c)(1); Local Rules, at 9006-1(b).

7. Ample cause exists to shorten the time for notice of the Sunrise Sale Motion and to grant this Motion on an *ex parte* basis. As described more fully in the Sunrise Sale Motion,

Assisted Living First Euro Investments (“*Assisted Living Investments*” or “*Seller*”) is a non-debtor entity in which Debtors Arcapita Bank, AIHL and ALTHL hold a partial, indirect ownership interest. Assisted Living Investments holds an 80% interest in Sunrise First Euro Properties, LP (“*Sunrise LP*”) and Sunrise First Euro Properties GP Limited (“*Sunrise GP*,” together with Sunrise LP, “*Sunrise*”). Additionally, Sunrise is obligated to Lloyd’s TSB Bank plc and/or its affiliates or assignees for approximately £82,100,000 (the “*Lloyd’s Debt*”) based on an existing facility. The Lloyd’s Debt will either be refinanced with a loan from Purchaser after or contemporaneous with the closing of the Sale, or remain in place post-closing. Also, the Lloyd’s Debt is not guaranteed by the Seller or other parties related to the Debtors, and the Seller will not be responsible for any portion of the Lloyd’s Debt or any other obligations of Sunrise.

8. HCN UK Investments Limited (“*HCN UK*” or “*Purchaser*”) has entered into an agreement with Assisted Living Investments to purchase Assisted Living Investments’ 80% interest in Sunrise (the “*Sale*”) for £65 million (the “*Purchase Price*”). Although Assisted Living Investments is a non-debtor subsidiary, and its assets are not property of the Debtors’ estates, HCN UK has required, as a condition to closing, an order from the Court authorizing the Debtors, *inter alia*, to execute such documents, provide such consents and take all other and further actions as are necessary or appropriate in order for such Debtors to authorize, approve, cause or direct Assisted Living Investments to enter into and consummate the Sale.

9. The Seller seeks to close on the Sale *no later than December 20, 2012* because the holder of the Lloyd’s Debt has agreed to waive prepayment fees if the Lloyd’s Debt is repaid by December 21, 2012, and the Purchaser has agreed to pursue a closing on that timetable. Accordingly, the Debtors are seeking to obtain an order from the Court authorizing the Debtors

to approve and consent to the Sale so that such order will become final on **December 18, 2012** to allow the Sale to close as scheduled.

10. As explained more fully in the Sunrise Sale Motion, the Debtors believe that the Sale is in the best interest of the estates. The Purchase Price represents a positive return on the Debtors' investment, and the Purchase Price is consistent with the Debtors' internal valuation of Assisted Living Investments' equity interest in Sunrise. Moreover, the Debtors do not believe that they will be able to obtain a better offer than the current Purchase Price if the Sale fails to close with HCN UK by the end of the year. The Debtors are aware that Assisted Living Investments and HCN UK are working diligently to finalize the Sale, and the Debtors are committed to doing what they can to facilitate the process.

11. The Debtors have discussed the Sale with the Committee and the Joint Provisional Liquidators of Debtor Arcapita Investment Holdings Limited (the "**JPLs**"). As of the date of the filing of the Sunrise Sale Motion, the Committee and the JPLs have consented to the Sale.

12. For the foregoing reasons, the Debtors submit that it is imperative that the Sunrise Sale Motion be approved on an expedited basis. To this end, the Debtors respectfully submit that *ex parte* relief is warranted so that the Sunrise Sale Motion may be heard no later than December 18, 2012.

13. No parties in interest would be prejudiced by the shortened notice requested herein or by the approval of this Motion on an *ex parte* basis.

NOTICE

14. No trustee or examiner has been appointed in the Chapter 11 Cases. The Debtors have provided notice of filing of the Motion by electronic mail, facsimile and/or overnight mail to: (i) the Office of the United States Trustee for the Southern District of New York, 33

Whitehall Street, 21st Floor, New York, New York 10004 (Attn: Richard Morrissey, Esq.); (ii) the Committee, Milbank, Tweed, Hadley & McCloy LLP, 1 Chase Manhattan Plaza, New York, New York 10005 (Attn: Dennis F. Dunne, Esq. and Evan R. Fleck, Esq.); (iii) counsel to HCN UK, attention: Evan C. Hollander, Esq., Arnold & Porter LLP, 399 Park Avenue, New York, New York 10022 and Charles A. Malloy, Esq., Arnold & Porter LLP, 555 Twelfth Street, N.W., Washington, D.C. 20004; and (iv) all parties listed on the Master Service List established in these Chapter 11 Cases. A copy of the Motion is also available on the website of the Debtors' notice and claims agent, GCG, Inc., at www.gcginc.com/cases/arcapita.

NO PRIOR REQUEST

15. No prior motion for the relief sought in this Motion has been made to this or any other court.

WHEREFORE, the Debtors respectfully request that the Court grant the relief requested herein and such other and further relief as the Court may deem just and proper.

Dated: New York, New York
December 4, 2012

/s/ Craig H. Millet
Michael A. Rosenthal (MR-7006)
Craig H. Millet (admitted *pro hac vice*)
Matthew K. Kelsey (MK-3137)
GIBSON, DUNN & CRUTCHER LLP
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New York, New York 10166-0193
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ATTORNEYS FOR THE DEBTORS
AND DEBTORS IN POSSESSION

EXHIBIT A

PROPOSED ORDER

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

-----X	
IN RE:	: Chapter 11
ARCAPITA BANK B.S.C.(c), et al.,	: Case No. 12-11076 (SHL)
Debtors.	: Jointly Administered
-----X	

**ORDER SHORTENING THE NOTICE PERIOD WITH
RESPECT TO THE DEBTORS’ MOTION FOR AN ORDER AUTHORIZING
THE DEBTORS TO GRANT APPROVALS AND CONSENTS IN CONNECTION
WITH SALE BY NON-DEBTOR SUBSIDIARY**

Upon consideration of the motion (the “*Motion*”)¹ of Arcapita Bank B.S.C.(c) (“*Arcapita Bank*”), Arcapita Investments Holdings Limited (“*AIHL*”), Arcapita LT Holdings Limited (“*ALTHL*”) and certain of their subsidiaries, as debtors and debtors in possession (collectively, the “*Debtors*” and each, a “*Debtor*”) in the above-captioned chapter 11 cases (the “*Chapter 11 Cases*”), for entry of an order shortening the notice period with respect to the Debtors’ *Motion For An Order Authorizing The Debtors To Grant Approvals And Consents in Connection With Sale By Non-Debtor Subsidiary* (the “*Sunrise Sale Motion*”); and the Court having found that it has jurisdiction to consider the Motion pursuant to 28 U.S.C. §§ 157 and 1334; and the Court having found that venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C §§ 1408 and 1409; and the Court having found that the relief requested in the Motion is in the best interests of Debtors’ estates, their creditors, and other parties in interest; and it appearing that no other or further notice is necessary except as provided herein; and the Court having reviewed the Motion and having considered statements in support of the relief requested therein; and the Court having determined that the legal and factual bases set forth in the Motion

¹ Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Motion.

establish just cause for the relief granted herein; and after due deliberation and sufficient cause appearing therefor,

IT IS HEREBY ORDERED:

1. The Motion is granted to the extent set forth below.
2. The hearing to consider the Sunrise Sale Motion shall be held on December 18, 2012, at 10 a.m. (prevailing Eastern Time) before the Honorable Sean H. Lane, United States Bankruptcy Court, One Bowling Green, New York, New York 10004-1408, Courtroom 701. The hearing on the Sunrise Sale Motion may be adjourned from time to time without further notice other than an announcement of the adjourned date or dates in open court. Notice of such adjourned date(s) will be available on the electronic case filing docket.
3. The Debtors shall serve a copy of this Order within one day of entry thereof, by electronic mail, facsimile and/or overnight mail, on the Notice Parties (as defined below).
4. Any and all objections to the Sunrise Sale Motion must be in writing, shall conform to the Federal Rules of Bankruptcy Procedure and Local Rules of the Court, and shall be filed, with proof of service, with the Clerk of the Court and served on the following parties (the "**Notice Parties**") so as to be received by December 11, 2012, at 5:00 p.m. (prevailing Eastern Time):
 - (a) counsel to the Debtors, attention: Michael A. Rosenthal, Craig H. Millet and Matthew K. Kelsey, Gibson, Dunn & Crutcher LLP, 200 Park Avenue, New York, NY 10166-0193;
 - (b) counsel to the Committee, attention: Dennis Dunne, Esq. and Evan Fleck, Esq., Milbank, Tweed, Hadley & McCloy LLP, 1 Chase Manhattan Plaza, New York, New York 10005;
 - (c) counsel to HCN UK, attention: Evan C. Hollander, Esq., Arnold & Porter LLP, 399 Park Avenue, New York, New York 10022 and Charles A. Malloy, Esq., Arnold & Porter LLP, 555 Twelfth Street, N.W., Washington, D.C. 20004; and

- (d) the Office of the United States Trustee for the Southern District of New York, attention: Richard Morrissey, 33 Whitehall Street, New York, New York 10004,

with a courtesy copy delivered to the chambers of the Honorable Sean H. Lane, United States Bankruptcy Court, One Bowling Green, New York, New York 10004-1408.

5. The Court retains jurisdiction with respect to all matters arising from or related to the implementation of this Order.

Dated: New York, New York
_____, 2012

THE HONORABLE SEAN H. LANE
UNITED STATES BANKRUPTCY JUDGE