

Al Siraj Investment Holding LLC



السراج للإستثمار القابضة ش.م.م.

AL SIRAJ

Budoor Mohammed Rashid Al Araimi

Al Siraj Investment Holding LLC

PB 72 , PC 130 , Sultanate of Oman

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Investor 50371

Objection to the Disclosure Statement of Arcapita Bank B.S.C. (c) AND Related Debtors under Chapter 11 of the Bankruptcy Code

I , Chairperson of Al Siraj Investment Holding LLC, Post Box 72 , Postal Code 130 , Sultanate of Oman , a creditor and party-in-interest (Investor 50371) of the above mentioned chapter 11 Bankruptcy case of Arcapita Bank B.S.C. (c) and Related Debtors (Debtor) , submit the objection to the Disclosure Statement filed by the Debtor pursuant to section 1125 of title of United States Code.

In support hereof , I respectfully state as follows :

I Background

1. On Mar 20, 2012 the Debtor filed its voluntary petition for relief under Chapter 11 , United States Code , thereby initiating this Bankruptcy case.
2. Al Siraj Investment Holding LLC incorporated and registered in Sultanate of Oman engage , inter alia , in investment activities.
3. Following a long persuasion by Arcapita Bank in 2011 , the company agreed to invest \$ 1 million in a logistic real estate asset (the Asset) in Oman as Strategic Investor leading to Arcapita GCC Industrial Yield III Fund.
4. The Murabaha Agreement for this investment was signed on Aug 8 , 2011 and fund was duly transferred to Arcapita Bank on Sep 07 , 2011. Under the Murabaha Agreement , the investment was linked to the performance of the underlying Asset and tenure fixed was not exceeding six months. Therefore this was a SECURED INVESTMENT.
5. In order to reinforce the safety of the investment , we asked the Arcapita Bank to provide us the written Guarantee of the repayment of the investment , which they did by their e-mail date Aug 07 , 2011 (e-mail attached).

6. Therefore , Arcapita Bank had confirmed this investment as Secured and Guaranteed to us at the time of investment.
7. On Feb 8,2012 , the Debtor filed its plan of Reorganisation and proposed Disclosure Statement in support of Plan. According to this Statement , our claim had been relegated down as “ Unsecured Investors Claim against Arcapita Bank B.S.C. (c) ” as Class 5 (a) with anticipated recovery of 6.3 %.

II Objections

8. As stated above , our investment is clearly **Secured** , being linked to an underlying asset and **Guaranteed** under the Murabaha Agreement. Therefore I object to classify our claim as “Unsecured Investors Claim against Arcapita Bank B.S.C. (c)”
9. The plan has positioned the creditors of Arcapita Investment Holding Limited (AIHL) as senior to those of Arcapita Bank , based on the guarantee of AIHL. This is not fair , given that AIHL is merely an investment subsidiary of Arcapita Bank , which neither have a single staff nor has the capacity to raise fund of its own (page 79 of the Disclosure Statement). Arcapita Bank has not only been capitalizing AIHL but also been transferring assets to it at undisclosed , probably at hugely discounted value. In our view, the guarantee by such subsidiary cannot be placed higher than its parent company.

Conclusion

Wherefore , premises considered , I respectfully request that the Court (i) order our credit claim to be Secured and Guaranteed and thus suitably placed on the credit hierarchy alongwith other secured and guaranteed credits , (ii) treat the “ General Unsecured Creditors of Arcapita Bank B.S.C. (c) ” at par , if not superior than that of AIHL.

Respectfully submitted on this 5th day of Mar 2013.



Budoor Mohammed Rashid Al Araimi

Al Siraj Investment Holding LLC

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Certificate of Service

This is to certify that on the 5th Day of March 2013, the undersigned caused a true and correct copy of the foregoing objection to be served on all parties entitled to receive service in this Bankruptcy case via mail and flash drive listed in paragraph (c) of the " Notice of Hearing on Motion for Approval of Disclosure Statement in Support of the Debtors Joint Plan of Reorganisation " .

Budoor Mohammed Rashid Al Araimi

A handwritten signature in black ink, consisting of several overlapping horizontal strokes and a vertical line, positioned below the name.

Dinesh Chandel

From: Bassam Noor <BNoor@arcapita.com>
Sent: Sunday, August 07, 2011 1:47 PM
To: dinesh.chandel@alsirajinv.com
Cc: Ismail Al-Harthy; Nael Mustafa
Subject: RE: Master Murabaha Agreement

Dinesh,

Further to your call with Ismail, please note that the returns and the principals are guaranteed in the Master Murabaha Agreement under Cluase 6.1 as follows:

1.1 *Deferred Sale Price*

- (a) *The Purchaser shall pay the Deferred Sale Price (as stated in the relevant Offer Letter) on its Deferred Payment Date in US Dollars, in same day funds to the account the Seller notifies in writing to the Purchaser for this purpose.*
- (b) *The Purchaser shall be absolutely and irrevocably obliged to pay the Deferred Sale Price and all other sums expressed or agreed to be payable by it under this Agreement.*

If you have any questions on the governing agreement, Arcapita's legal team and I are available at your convenience.

Regards,

Bassam Noor
Real Estate Investments
Arcapita Bank B.S.C.(c) | Arcapita Building | 5th Floor
Bahrain Bay | P.O. Box 1406 | Manama | Kingdom of Bahrain
Tel: +973 17 218333 | Dir: +973 17 218032
Mob: +973 39 648384 | Fax: +973 17 218799
bnoor@arcapita.com | www.arcapita.com

Licensed as an Islamic wholesale bank by the Central Bank of Bahrain

From: Bassam Noor
Sent: Sunday, August 07, 2011 11:49 AM
To: dinesh.chandel@alsirajinv.com
Cc: Ismail Al-Harthy; Nael Mustafa
Subject: Master Murabaha Agreement

Dear Dinesh,

Please find attached the Master Murabaha Agreement for your potential \$1 mil investment. I'm available at your convenience to discuss the agreement.

Regards,

Bassam Noor
Real Estate Investments
Arcapita Bank B.S.C.(c) | Arcapita Building | 5th Floor
Bahrain Bay | P.O. Box 1406 | Manama | Kingdom of Bahrain
Tel: +973 17 218333 | Dir: +973 17 218032
Mob: +973 39 648384 | Fax: +973 17 218799
bnoor@arcapita.com | www.arcapita.com

Dinesh Chandel

From: Ismail Al-Harthy <iharthy@arcapita.com>
Sent: Sunday, July 03, 2011 11:28 AM
To: dinesh.chandel@alsirajinv.com
Subject: Fw: Oman Investment Opportunity
Attachments: Oman Investment Opportunity Jun 2011.pdf

From: Bassam Noor
To: dinesh.chandel@alsirajinv.com <dinesh.chandel@alsirajinv.com>
Cc: Ismail Al-Harthy
Sent: Mon Jun 13 20:19:40 2011
Subject: Oman Investment Opportunity

Dear Mr Dinesh Chandel

In reference to your recent discussions with Mr Ismail Al Harthi, Arcapita Bank B.S.C. ("Arcapita") is pleased to invite you to participate in the acquisition of a logistics complex in the Sultanate of Oman.

Arcapita, in partnership with National Bank of Oman (together the "Sponsors"), aims to establish a fund that invests in logistics real estate in Oman such as warehouses, light industrial units, and labor accommodations (the "Fund"). The Fund would acquire existing stabilized assets with immediate rental income and it would also develop logistics complexes designed and built to international standards. The Fund is currently under formation and the Sponsors envision that the Fund to be operational within four to five months.

In the meanwhile, the Sponsors have identified an investment opportunity as a seed asset for the Fund (the "Asset"). Considering that the Fund would only be operational within four to five months and that the acquisition of the Asset is immediate, the Sponsors have decided to invite a select group of strategic investors (the "Strategic Investors") to hold and benefit from this Asset for a period not exceeding six months. At the end of the six-month period, the Asset will be transferred to the Fund at a pre-agreed price.

The Asset is a logistics complex in Barka, Sultanate of Oman. The asset is built upon a 80,000 sqm of land and composed of a 25,000 sqm warehouse, and a 5,600 sqm of labor accommodation. The Asset is currently leased to a leading Oman-based conglomerate (the "Tenant"). After acquisition, the Asset would be leased to the Tenant for 10 years non-terminable at a rental rate equivalent to 9.1% of purchase price OMR 16 million.

In order to ensure alignment of interest, it was decided that the Tenant would own 30% of the company holding the Asset (the "Company") whereas the remaining 70% would be controlled by the Sponsors. Strategic Investors are invited to participate in the 70% share of the Company. Therefore, the equity check that is available for Strategic Investors such as yourselves is set at OMR 11.2 million (i.e. 70% of OMR 16 million).

- In return for the investment of OMR 11.2 million, and during the investment period of six months, the Strategic Investors shall receive a 9.1% per annum of OMR 11.2 million in the form of rental income net of management fees, performance fees, maintenance costs, insurance costs, and municipal taxes, but subject to corporate taxations as determined by the tax authorities in Oman.
- At the end of the six months holding period, the Fund will acquire the 70% interest in the Company from the Strategic Investors at a price equivalent to OMR 11.4 million.
- Therefore, the Strategic Investors' effective expected annualized return from holding a 70% interest in the Company, for a six months period, is 13% (excluding the effects of corporate taxation).
- Moreover, the Strategic Investors would have a priority in the allocation of subscription in the Fund if the Strategic Investors decide to roll over their investment into the Fund.

As such and in order to ensure the availability of equity allocated to yourselves, we appreciate if you could respond to us via an official letter providing us with your non-binding interest in the participation of the Fund. The letter should include:

- Equity size anticipated; and
- Period of time required to finalize your internal procedures.

Arcapita and its employees are looking forward to initiate and cultivate a fruitful relationship with yourselves. We are at your disposal should you have any queries on the subjects above.

Regards,

Bassam Noor
Real Estate Investments
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Bahrain Bay | P.O. Box 1406 | Manama | Kingdom of Bahrain
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September 13, 2011

Al-Siraj Investment Holding LLC
Mr. Dinesh Chandel
P.O. Box 72
Al Azaiba
Postal Code 130
Sultanate of Oman

Fax : +968 24603121

ACKNOWLEDGEMENT OF FUNDS RECEIVED

We are pleased to confirm that your Investment account has been credited as follows

Received Amount : U. S. Dollars 1,000,000.00

Value Date : 12 September, 2011

Please do not hesitate to contact us if you require further details.