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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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

OBJECTION OF CREDITOR AL IMTIAZ INVESTMENT COMPANY K.S.C. TO DISCLOSURE STATEMENT IN SUPPORT OF THE JOINT PLAN OF REORGANIZATION OF ARCAPITA BANK B.S.C(c) AND RELATED DEBTORS UNDER CHAPTER 11 OF THE BANKRUPTCY CODE

Claimant Al Imtiaz Investment Company K.S.C. ("Al Imtiaz"), a Kuwaiti Shareholding Company, by and through its counsel, Vinson & Elkins LLP, respectfully submits this objection (the "Objection"), pursuant to section 1125 of chapter 11, title 11 of the United States Code (§§ 101 — 1552) (the "Bankruptcy Code") to the adequacy of the Disclosure Statement for the Joint Plan of Reorganization of Arcapita Bank B.S.C.(c) ("Arcapita") and Related Debtors[1] dated

[1] The related Debtors are Arcapita Investment Holdings Limited, Arcapita LT Holdings Limited, WindTurbine Holdings Limited, AEID II Holdings Limited, RailInvest Holdings Limited, and Falcon Gas Storage Company, Inc.

February 8, 2013 (the "Disclosure Statement" or "Discl. St.") (Dkt. 827). In support of its Objection, Al Imtiaz states as follows:

INTRODUCTION

1. As the Court is aware, the principal business of the Debtors is the sponsorship and providing of alternative investment opportunities to outside investors that co-invest with the Debtors, certain of which seek investment opportunities that conform to Islamic Shari'ah rules and principles. Al Imtiaz, like the overwhelming proportion of the Debtors' co-investors in non-Debtor investment companies, and a large number of its creditors, are located in foreign countries and are not generally familiar with the United States chapter 11 process. For this reason, heightened scrutiny should be given to the adequacy of the Debtors' Disclosure Statement with respect to those creditors and the issues that are likely to be important to that group of entities.

2. In particular, Al Imtiaz objects to the approval of the Disclosure Statement because it (A) fails to provide sufficient information for Al Imtiaz, and other creditors and parties-in-interest to determine whether the Plan will affect Al Imtiaz's and other third party investors' investments in various transactions and investments sponsored by Arcapita, along with its Debtor and non-Debtor subsidiaries (collectively with Arcapita Bank "the Arcapita Group"); (B) fails to provide adequate information regarding claims held by the Syndication Companies and Transaction Holdcos through which outside investors participated; and (C) fails to disclose the identities of the purported releasees and the degree to which the Plan would release any potential claims of Al Imtiaz or other parties-in-interest against the Debtors' non-Debtor affiliates (including officers and directors of such entities) for, among other things, any acts of mismanagement with respect to their investments, or limit their ability to recover from applicable insurance policies.

BACKGROUND

3. As will be set forth below, Al Imtiaz is a creditor of the Debtors and a party-in-interest in these cases, and therefore has standing to object to the Disclosure Statement pursuant to 11 U.S.C § 1109.

4. This is intended to be solely an objection to disclosure issues, and Al Imtiaz reserves its rights to object to the confirmation of the Plan pursuant to 11 U.S.C. §1128(b).

5. From approximately 2005 to 2011, Al Imtiaz entered into a series of Arcapita-sponsored transactions through which it invested in certain of the Syndication Companies and/or Transaction Holdcos. The investments were made through ten different investment portfolios, none of which are Debtors, including Arcapita Ventures I Limited (together, the "Arcapita Funds"). *See* e.g., Ex. 1 (filed with Proof of Claim).

6. Prior to the petition date, on or around February 2, 2010, Arcapita sent Al Imtiaz an email stating that Arcapita no longer owned an interest in one of the Arcapita Funds – Paroc Holding Sverige AB ("Paroc") – and suggesting that Al Imtiaz also no longer owned an interest in Paroc. Al Imtiaz's investment in Paroc was not returned to it by Arcapita, nor did Al Imtiaz receive any portion of the proceeds of the disposition of Paroc.

7. Arcapita filed for bankruptcy on or about March 19, 2012 and initiated the above-captioned matter. Thereafter, Al Imtiaz began receiving periodic update notices from the Arcapita Group regarding the status of the bankruptcy.

8. On or about March 19, 2012, Arcapita sent Al Imtiaz a letter which stated that as a result of the bankruptcy, Al Imtiaz's investments with Arcapita would "be frozen for the duration of the [bankruptcy] process as we work with all creditors to reach agreement." *See* Ex. 2 at 2.

9. On or about May 3, 2012, Arcapita sent to Al Imtiaz a letter stating that Arcapita no

longer owned an interest in another Arcapita Fund, Profine GmbH ("Profine"). Al Imtiaz's investment in Profine was not returned to it by Arcapita, nor did Al Imtiaz receive any portion of the proceeds of the disposition of Profine.

10. On or about August 30, 2012, Al Imtiaz filed a Proof of Claim with the United States Bankruptcy Court for the Southern District of New York in the above-captioned action relating to its investments in the Arcapita Funds.

11. Al Imtiaz has attempted on numerous occasions, including in meetings in the Middle East with Arcapita representatives, to obtain supporting documentation in order to confirm with Arcapita that it still owns its full purchased interest in the other eight Arcapita Funds in which it has co-invested, but has not received any such confirmation.

12. Al Imtiaz has additionally attempted to obtain information from Arcapita regarding the loss it has incurred with respect to its investment in the Profine and Paroc Arcapita Funds. To date, Al Imtiaz has not received information from Arcapita that is sufficient regarding these investments.

13. On or about January 2, 2013, Arcapita sent Al Imtiaz a valuation of certain of its investments in the Arcapita Funds. This valuation indicated that certain of Al Imtiaz's investments should be carried at a lower value because of the bankruptcy, including as a result of claims held by the Arcapita Funds which would be impaired by the bankruptcy. This information was new to Al Imtiaz.

14. Recently, Arcapita sent to Al Imtiaz a letter dated February 12, 2013, which states, "[y]our investments in the various Arcapita-sponsored transactions are separate and segregated from those of Arcapita and its subsidiaries which are being reorganized as part of the Chapter 11 process." *See* Ex. 3 at 1.

AL IMTIAZ'S OBJECTIONS

I. The Plan and Disclosure Statement Fail to Provide Sufficient Information Regarding the Plan's Impact on Non-Debtor Investments in the Syndication Companies

15. The Disclosure Statement should not be approved because it fails to provide sufficient information regarding Arcapita's investments in non-Debtor Syndication Companies and Transaction Holdcos, such that Al Imtiaz or other co-investors could determine the impact that the Plan will have on its claims against the Debtors and on its investments and interests in these non-Debtor entities.

16. The general purpose of a disclosure statement is to provide "adequate information" to enable impaired classes of creditors and interest holders to make an informed judgment about the proposed plan and determine whether to vote in favor of or against that plan. *In re Copy Crafters Quickprint, Inc.,* 92 B.R. 973, 979 (Bankr. N.D.N.Y. 1988). Section 1125(a) of the Bankruptcy Code defines "adequate information" as "information of a kind and in sufficient detail, as far as is reasonably practicable ... that would enable ... a hypothetical reasonable investor of the relevant class to make an informed judgment about the plan. 11 U.S.C. § 1125 (a)(1) and (b); *In re Source Enters., Inc.,* Case No. 06-11717 (ALG), 2007 WL 7144778, *2 (Bankr. S.D.N.Y. July 31, 2007).

17. The provision of adequate information is at the very heart of the reorganization process. *In re Rodolitz Holding Corp.,* 187 B.R. 72, 73 (Bankr. S.D.N.Y. 1995). As such, "[a] disclosure statement . . . is evaluated . . . in terms of whether it provides sufficient information to permit enlightened voting by holders of claims or interest." *In re BSL Operating Corp.,* 57 B.R. 945, 950 (Bankr. S.D.N.Y. 1986). A court should examine each disclosure statement individually to determine, on a case-by-case basis, whether the Bankruptcy Code's "adequate information" requirement is satisfied. *See In re Worldcom, Inc.,* 2003 WL 21498904, *10 (S.D.N.Y. June 30,

2003) ("the approval of a disclosure statement…involves a fact specific inquiry into the particular plan to determine whether it possesses 'adequate information' under § 1125") *(quoting In re Ionosphere Clubs,* 179 B.R. 24, 29 (S.D.N.Y. 1995)).

18. A disclosure statement, therefore, at its bare minimum, must contain "simple and clear language delineating the consequences of the proposed plan on [creditor's] claims and the possible [Bankruptcy] Code alternatives so that [creditors] can intelligently accept or reject the Plan." *In re Ferretti,* 128 B.R. 16, 19 (Bankr. D. N.H. 1991).

19. Heightened scrutiny should be given to the adequacy of the Debtors' disclosure with respect to the Debtors' co-investors in non-Debtor investment companies, and its creditors, because a large number of these investors are located in foreign countries and are, therefore, generally unfamiliar with the United States chapter 11 process. But even without this heightened scrutiny, the proposed Disclosure Statement's failure to provide information sufficient regarding the status and extent of Arcapita's investments in the Syndication Companies, the claims against the Debtors held by the Syndication Companies and Transaction Holdcos, and the postpetition governance of the reorganized debtors, as well as the overly broad release provisions, require the denial of the Debtors request to approve the Disclosure Statement.

A. The Disclosure Statement Fails to Provide Adequate Information Regarding the Debtors' Interests in Non-Debtor Syndication Companies and Transaction Holdcos

20. The proposed Disclosure Statement generally describes the Debtors' structure as that of holding companies -- through non-Debtor so-called "Syndication Companies" and "Transaction Holdcos" -- for ultimate non-Debtor operating companies, Discl. St. at 31, and states that postpetition, the reorganized Debtors intend to implement the proposed chapter 11 plan by liquidating these investments, Discl. St. at 99. However, the Disclosure Statement does not contain any specific details regarding the nature and extent of the Debtors' ownership interests in

the non-Debtor Syndication Companies and Transaction Holdcos identified in the Disclosure Statement. Moreover, it fails to provide sufficient details regarding the Debtors' ability to control these entities prior to and following the bankruptcy. Without this information, Al Imtiaz is unable to determine whether and to what extent its investments in these entities are subject to or beyond the scope of the Plan.

21. For example, the Disclosure Statement states that the Arcapita Group has an interest in the Syndication Companies and Transaction Holdcos, which are held through various subsidiaries or affiliates, including, Debtor, Arcapita Investment Holdings Limited ("AIHL"). Discl. St. at 31-35. It further states that the Arcapita Group holds a "majority interest" in certain of these investment portfolios. *Id.* at 32. Yet, the Disclosure Statement does not identify specifically the names of the Syndication Companies and Transaction Holdcos in which the Debtors hold an interest, nor does it disclose the extent of the Debtors' ownership interest in each of these entities and the extent to which these entities are owned by outside investors such as Al Imtiaz.

22. Additionally, although the Disclosure Statement suggests that the Debtors have limited control over the Transaction Holdcos and Syndication Companies, it also contains language to the contrary. *Id.* at 33. For example, the Disclosure Statement states that the Arcapita Group "effectively has no ability to direct or control the decisions or composition of the boards of directors" of Syndication Companies and Transaction Holdcos *unless* it holds at least a two-third ownership interest in the Syndication Company or owns more than fifty percent of a Transaction Holdco. *Id.* Yet, the Disclosure Statement does not state whether the Arcapita Group holds such an ownership interest in any of the Syndication Companies or Transaction Holdcos. Because the Disclosure Statement does not identify the particular Syndication Companies and Transaction

Holdcos in which Debtors hold such an interest, let alone a controlling interest, Al Imtiaz is unable to determine from the Disclosure Statement whether it has invested in entities that may be subject to the bankruptcy.

B. The Plan and Disclosure Statement Fail to Provide Sufficient Information Regarding the Claims of the Transaction Holdcos and Syndication Companies and Other Intercompany Obligations.

23. The Disclosure Statement states that certain of the Transaction Holdcos and Syndication Companies are general unsecured creditors of Arcapita. *See* Discl. St. at 38.

24. Specifically, the Disclosure Statement states that the Transaction Holdcos and Syndication Companies "occasionally maintained cash balances . . . with Arcapita Bank" and that these "cash placements give rise to general unsecured claims of these entities against Arcapita Bank" totaling approximately $572 million. *Id.* The Disclosure does not, however, identify the particular Transaction Holdcos and Syndication Companies that hold these claims, nor does it identify the amount of the claim that each Transaction Holdco or Syndication Company holds.

25. Without the information described above, Al Imtiaz cannot determine if its investments in certain of the Syndication Companies will be impaired or impacted by the bankruptcy, and therefore cannot determine whether it should vote in favor of or object to the Plan. Nor can Al Imtiaz understand what resources are available to satisfy its claims.

C. The Disclosure Statement Fails to Provide Adequate Disclosures Regarding the Postpetition Governance of the Reorganized Debtors

26. The Disclosure Statement fails to provide adequate disclosure with respect to the organizational structure of the Debtors and the management and distribution of their assets following the reorganization.

27. The Disclosure Statement states that details regarding the restructuring are provided in the "Implementation Memorandum" attached to the Disclosure Statement, which purportedly

"describes the implementation procedures and mechanics to effectuate the Restructuring." Discl. St. at 9-11. The Implementation Memorandum attached to the Disclosure Statement, however, fails to provide any details regarding how the reorganization will impact the Syndication Companies and Transaction Holdcos, including whether any of the Debtors will continue to hold an interest in these entities. *See* Discl. St., Ex. E.

28. The Implementation Memorandum further states that it is "preliminary only" and that "the final version will be filed in the Plan Supplement." *Id.* at 1. The Plan Supplement, however, will not be available until ten days before the Confirmation Hearing. *See* Discl. St. at 127. The time period between the issuance of the Plan Supplement and the Confirmation Hearing is inadequate given the complex nature of the Debtors' organizational structure, and the necessity of understanding the prepetition and postpetition structure in determining whether any party-in-interest's investments in the Syndication Companies and Transaction Holdcos is impacted by the bankruptcy.

II. The Plan's Releases Violate Section 524(e) of the Bankruptcy Code

29. The Plan includes an overly broad release provision, including purported releases of non-Debtor third parties.

30. Specifically, the "Released Parties" are defined to include the Debtors and their "current and former officers, directors, employees, managers, Professionals, professionals, agents and affiliates . . . along with the[ir] successors [and] assigns." Discl. St., Ex. A at 17. It purports to release any claims against the Released Parties "in any way relating to the Debtors . . . the transactions or events giving rise to, any Claim or Interest that is treated in the Plan . . .or upon any other act or omission, transaction, agreement, event, or other occurrence taking place before the Effective Date . . . against the Released Parties." Discl. St. at 119.

31. These overly broad releases are problematic to foreign based co-investors such as Al Imtiaz, who have many questions and concerns regarding their investments, including the use of invested funds and proceeds of investment exits, and notes that it believes the scope of these releases on their face may be impermissible under applicable law. *See e.g. In re Metromedia Fiber Network, Inc.,* 416 F.3d 136, 143 (2d Cir. 2005) (holding that non-debtor releases are unavailable unless "unique" or "unusual circumstances [exist that] render the releases' terms important to the success of the plan.").

32. Al Imtiaz understands that whether or not the releases provided for in the Plan can be approved will be considered in connection with any hearing on confirmation of the Plan, and it certainly reserves its rights to object at that time.[2] Nonetheless, the Disclosure Statement should not be approved because it fails to provide creditors and the Court with the information necessary to understand the scope of the releases that the Plan purports to grant. This is because the Disclosure Statement does not provide adequate and specific information about the particular affiliates or individuals being released or their role or position in the operation or management of the Debtors' direct or indirect investments in the Syndication Companies or Transaction Holdcos.

33. To the contrary, the Disclosure Statement seems to suggest that the Plan would purport to release individuals with respect to their conduct managing the non-Debtor Syndication Companies and Transaction Holdcos. For example, the Disclosure Statement states that "the board of directors of the Transaction Holdcos . . . are currently comprised entirely of Arcapita Group employees, and the boards of directors of certain of the Syndication Companies . . . are comprised by a majority of Arcapita Group employees." *Id.* at 33.

34. The Disclosure Statement, nonetheless, fails to identify the particular Transaction Holdcos and Syndication Companies for which employees of the Arcapita Group serve as board

[2] Al Imtiaz reserves its rights, generally, in regard to plan confirmation.

members.

35. Moreover, the release, as written, purports to extend to employees of Arcapita's wholly-owned subsidiary Arcapita Investment Management Limited, the non-Debtor entity that is purportedly charged with managing the Syndication Companies and Transaction Holdcos.

CONCLUSION

36. Because the Disclosure Statement fails to provide adequate information relating to the Syndication Companies and Transaction Holdcos and the impact that the bankruptcy will have on the investments of non-Debtors in these entities, and improperly provides for releases of non-Debtor third parties, Al Imtiaz respectfully requests that the Court deny approval of the Disclosure Statement.

Dated: March 11, 2013
New York, New York

Respectfully submitted,

VINSON & ELKINS LLP

By: */s/ Dov Kleiner*

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Attorneys for Al Imtiaz Investment Company K.S.C.

Exhibit 1

ARCAPITA

EXHIBIT 1

AL IMTIAZ INVESTMENT CO. OWNERSHIP PERCENTAGES				
Investment	Investment Shares	HoldCo shares held indirectly through Investment Company	Indirect % to Holdco	Comments
The Tensar Corporation	1,714,005.00	14,100,330.00	12.16%	Represents original equity only
The Tensar Corporation - RI	141,262.00	2,500,000.00	5.65%	Represents rights issue offering only
Profine GmbH	1,600,000.00	23,100,000.00	6.93%	
Varel International Energy Services, Inc.	777,001.00	17,266,328.00	4.50%	
PODS, Inc.	1,964,286.00	26,130,000.00	7.52%	Represents original equity only
Arcapita US Senior Living Yielding IV	41,772.00	11,198,430.00	0.37%	Represents original equity only
Bahrain Bay Development B.S.C.(c)	627,789.00	6,012,500.00	10.44%	
Bahrain Bay Development II B.S.C.(c)	698,739.00	8,550,000.00	8.17%	Calculated on tranche capitalized to date
Arcapita GCC Utilities Development I	476,191.00	34,000,000.00	1.40%	Calculated on Investor settled portion and full deal size
Arcapita Ventures I Limited[1]	1,600,000.00	20,000,000.00	8.00%	Calculated on Investor settled portion and full deal size

(1) Should Al Imtiaz not participate in the fifth capital call, percent ownership will decline.

Should you have any further queries or require further information, please do not hesitate to contact us.

Yours sincerely,

Ahmed Al-Zayani
Investment Placement

Exhibit 2

ARCAPITA

March 19, 2012

Mr. Ali Ahmed Al-Zubaid
Al Imtiaz Investment Co. (k.s.c)
P.O. Box 29050
Safat 13151
State of Kuwait
Fax: 965-22495522

Dear Mr. Al-Zubaid,

Re: Arcapita filing for Chapter 11 protection

As you may have heard, or will shortly hear, Arcapita has today filed a voluntary petition for protection under Chapter 11 in the United States to allow the bank to reorganize. The following is to give you some of the background behind the reasons for the filing, and to reassure you about what this means to you as an investor.

Since the economic downturn that commenced in 2008, Arcapita has faced considerable challenges within its business. The revenues that we derive from placing deals, from exiting investments and from performance fees on successful outcomes have been negatively impacted. The interbank credit markets all but closed, requiring us to repay approximately $1.7 billion since 2008. At the same time, our portfolio companies too faced similarly barren credit markets, and we have stepped in extensively to provide funding that has been unavailable to them from the commercial banks, a total of approximately $900 million since 2008.

At the same time, longer dated maturities within our balance sheet have come due, and the ability to rollover maturing facilities on commercially acceptable terms has been very limited. In particular, a $1.1 billion 5-year facility taken out in April 2007, comes due on 28th March 2012. We began extensive efforts to prepare ourselves for the refinancing of this facility 18 months ago, and until the Eurozone crisis erupted in July 2011, we were on track to pay down a portion of the facility with cash raised through monetizations of our investment portfolio, and use a new facility to refinance the balance. However, as a result of the Eurozone crisis which escalated towards the end of 2011, this process faltered, and our options for repayment became limited.

We engaged with the 50 participants in the $1.1 billion facility with the objective of extending the facility by three years. These negotiations started several weeks ago and, began as a consensual and constructive process. However, a number of hedge funds had traded into the facility in recent months and it was clear right from the outset that one or two of these in particular had absolutely no interest in finding an agreement that would take account of the long-term interests of the bank. They began aggressive action to disrupt the process, and in doing so, threatened to destroy value for all of the bank's stakeholders by pursuing a forced liquidation.

ARCAPITA

After reviewing all of the options available to us with our advisors, we came to the conclusion that the correct course of action was to give ourselves the protection afforded by Chapter 11 to allow us to reorganize our business for the long term. The Central Bank of Bahrain has been informed and we will continue to have a dialogue with the regulators.

We cannot predict the terms of this reorganization at this stage, and how long it will take to complete. But there are some assurances that we can make, and that will help you understand what effect this might have on your investments with Arcapita.

- Arcapita will continue to be run as normal. Arcapita management will remain in control, the deal teams will all remain in place, and your investments will continue to be managed by those best qualified to do so. This is very important, as it means there will be no disruption to the efficient and smooth running of your investment.
- There will be no change in the ownership structure of the investments. Arcapita, its investors, investment company management and other parties will all retain their shareholdings in the business as they are today.
- The way you interact with Arcapita will not change. You will contact Arcapita in the same way, you will receive updates about your investments in the same way, your statements and other correspondence will continue to come to you in the same way.
- All decisions related to exits from the portfolio will also remain solely with Arcapita.
- As in the normal course of our business, portfolio exits will only be carried out at a time we judge to be the appropriate point in the investment cycle. There will be no forced sale of investments under the reorganization process.
- Once Arcapita completes the process of reorganization, it is anticipated that we will emerge from the process with the right capital structure and the necessary changes to leave us well positioned to continue our business of managing investments on your behalf.

Your investments with Arcapita

In summary, there will be no change to the status of your investments with Arcapita as a result of the reorganization process. Arcapita's first concern in all of our business decisions is to our investors, and the process of reorganization will not change that fact.

Your funds placed with Arcapita

I understand that you have recently requested funds to be transferred out of your deposit account(s) with Arcapita. Arcapita intended to honor this payment, however, given the restrictions imposed recently by the Central Bank of Bahrain, Arcapita was unable to execute such transfer or make other payments to financial creditors of Arcapita Bank B.S.C.(c). Unfortunately, under the terms of the Chapter 11 filing, this means your funds with Arcapita will be frozen for the duration of the process as we work with all creditors to reach agreement. We recognize that this will be extremely unwelcome news for you, but given the circumstances, the advice from our legal and financial advisors was that this was the only option available to us that would allow us to complete productive negotiations with all parties, and maximize recoveries for all creditors.

Exhibit 3

ARCAPITA

12 February 2013

Mr. Ali Ahmed Al-Zubaid
Al Imtiaz Investment Co. (k.s.c)
P.O. Box 29050
Safat 13151
State of Kuwait

Fax: +965-22495522

Dear Mr. Al-Zubaid,

We are writing to you as a valued and long-standing investor with Arcapita Bank B.S.C.(c) ("Arcapita"). Arcapita filed a plan of reorganization ("POR") on 8 February 2013 and expects the plan to be confirmed and a reorganized Arcapita ("Reorganized Arcapita") to emerge from Chapter 11 by June 2013.

Your investments in the various Arcapita-sponsored transactions are separate and segregated from those of Arcapita and its subsidiaries which are being reorganized as part of the Chapter 11 process. Your investments in these transactions are held indirectly through Cayman Islands investment companies, whose board members act in the best interests of the shareholders of these investment companies. In many cases, a majority of the equity in Arcapita-sponsored transactions is held on behalf of Arcapita's investors through these Cayman Islands investment companies and Arcapita is a minority investor.

To ensure that investors' interests are protected and returns maximized, the following individuals have agreed to serve as directors of the Cayman Islands investment companies in which investors hold a majority of the equity interests:

- Mr. Abdulaziz Hamad Aljomaih
- Mr. Abdulrahman Abdulaziz Al Muhanna
- Mr. Ghazi Fahad Al Nafisi

The above individuals are current members of Arcapita's Board of Directors, have invested in most Arcapita-sponsored investments, have extended significant financial and strategic support to Arcapita since inception, are knowledgeable about the underlying investments and investment holding structures and will provide the necessary oversight on behalf of the investors. The POR envisions that your investments will continue to be managed by the same investment professionals operating from offices in Atlanta, London, Bahrain and Singapore.

ARCAPITA

The directors of the investment companies expect to maintain a cooperative and collaborative relationship with Reorganized Arcapita in order to maximize the value of the investments.

To further protect the independence of the investment companies and investors' interests, a new company ("Newco") has been established. Newco would be capable of undertaking various administrative functions on behalf of the investment companies and their investors, such as reporting to investors and maintaining the accounting and corporate records of the Cayman Islands investment companies. Newco would also be available to provide the investment companies and their investors with independent advice about decisions related to sale or disposition of investments, including any such decisions where the interests of Reorganized Arcapita, as a minority investor, might differ from the interests of the investment companies that are the majority owners.

We will continue to keep you updated as we progress through the Chapter 11 process.

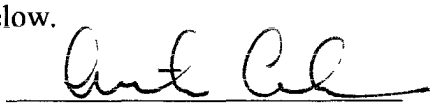
Sincerely,

Abdulaziz Hamad Aljomaih

Vice Chairman

CERTIFICATE OF SERVICE

I certify that on March 11, 2013, the foregoing Objection and accompanying exhibits were served on the parties listed below via the Electronic Case Filing System for the United States Bankruptcy Court for the Southern District of New York, with courtesy copies delivered by hand delivery or First Class Mail, as indicated below.



Armita S. Cohen

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