



## PRESS RELEASE

### ARCAPITA TAKES STEPS TO PROTECT ALL STAKEHOLDERS

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FOR IMMEDIATE RELEASE

**Manama, March 19, 2012** – Arcapita Bank B.S.C.(c), the international investment firm headquartered in Bahrain, announced today that it and several of its affiliates, including Arcapita Investment Holdings Limited, have filed voluntary cases in the United States under Chapter 11 with the goal of developing and confirming a plan of reorganization. Arcapita's Board of Directors has approved this course of action as the most effective way to protect their business and assets and implement a comprehensive restructuring that rationalizes Arcapita's capital structure and maximizes recoveries to creditors and other stakeholders. The filings automatically imposed a worldwide injunction against collection and enforcement actions that will protect the assets of the Arcapita entities while a plan of reorganization is formulated. None of Arcapita's operating subsidiaries or portfolio companies are included in the filing.

Atif A. Abdulmalik, Chief Executive Officer of Arcapita said, "In the last three years, Arcapita has succeeded in managing its business to counter the effects of the financial crisis. During this period, Arcapita has repaid \$1.7 billion in maturing bank facilities, and stepped in with a further \$900 million to support its investment portfolio. After plans to refinance a \$1.1 billion financing facility coming due on March 28<sup>th</sup> 2012 were negatively impacted by the Eurozone crisis, Arcapita commenced discussions with the facility participants to extend it by three years. These negotiations started several weeks ago and began as a consensual and constructive process with the bank group which has supported us extensively through the downturn. However, the actions of certain non-bank creditors have precluded Arcapita from reaching such a consensual resolution before the March 28<sup>th</sup> maturity date, jeopardizing Arcapita's ability to satisfy its fiduciary duties to its stakeholders. The filings offer Arcapita the necessary protection it needs to complete productive negotiations with all parties."

Mohammed Abdulaziz Aljomaih, Chairman of Arcapita's Board of Directors stated, "After reviewing all the available options with management and its financial and legal advisors, the Board has agreed that a filing for protection under Chapter 11 is not only a necessary step, but the best course of action, to safeguard the interests of the bank's stakeholders. It will allow Arcapita to restructure its balance sheet and reorganize its business to maximize recoveries for all creditors and other constituencies."

The provisions allow the filing companies to continue to operate their businesses and manage their properties under the direction and control of their Boards and management. Thus, during the process, Arcapita's management team will be able to conduct business in the ordinary course. All of the portfolio companies will continue to be managed by Arcapita's deal professionals and decisions related to asset disposal will also remain with Arcapita. Arcapita will continue to manage approximately \$7.4 billion of assets. At the same time, Arcapita will engage in discussions with its creditors and other stakeholders to develop an acceptable plan of reorganization which allows the company to emerge as an even stronger and more viable entity.

Mr. Abdulmalik added "This was a difficult decision. But after lengthy review of all the alternatives open to us, there is no question that this is the right course of action, which we

are taking with the support of the Board. The Central Bank of Bahrain has been informed and we will continue to have a dialogue with the regulators. Arcapita is committed to completing this reorganization as quickly and efficiently as possible. Our aim is to maximize recoveries for the benefit of all stakeholders. We have sufficient liquidity to manage our business and are fully focused on minimizing disruption to our investment portfolio, which Arcapita's professionals will continue to manage on behalf of our investors. Asset sales will only be carried out at a time we consider to be the appropriate point in the investment cycle. The Arcapita platform, with its ability to distribute high quality alternative investments in the GCC and beyond, remains strong and well respected. We have close and longstanding relationships with our investors, partners and relationship banks and we are very grateful for their steadfast support. I have full confidence that as economic fundamentals improve, we will continue the profitable business of buying, improving and selling investments around the world, generating returns for our investors and value for all our stakeholders."

Arcapita's legal advisors are Gibson Dunn & Crutcher and Linklaters, and its financial advisor is Rothschild.

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**NOTES TO EDITORS**

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**About Arcapita**

Headquartered in Bahrain with offices in Atlanta, London and Singapore, Arcapita's four principal lines of business are private equity, real estate, infrastructure and venture capital. To date, the Bank has completed 74 transactions with a total value in excess of \$28 billion, and has \$7.4 billion in funds under management. Arcapita's mission is to provide innovative and distinctive investment opportunities that generate superior risk-adjusted returns while adhering to Islamic principles. Further details on Arcapita can be found at [www.arcapita.com](http://www.arcapita.com)

**About Chapter 11**

Chapter 11 of the U.S. Bankruptcy Code allows a company to continue operating its business and managing its assets in the ordinary course of business. The U.S. Congress enacted Chapter 11 to encourage and enable a debtor business to continue to operate as a going concern, to preserve jobs and to maximize the recovery of all its stakeholders.