UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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

DECLARATION OF BERNARD DOUTON IN SUPPORT OF CONFIRMATION OF SECOND AMENDED JOINT PLAN OF REORGANIZATION OF ARCAPITA BANK B.S.C.(c) AND RELATED DEBTORS UNDER CHAPTER 11 OF THE BANKRUPTCY CODE

I, Bernard Douton, hereby declare as follows:

1. I am a Managing Director of Rothschild Inc. (together with its affiliate N M Rothschild & Sons Limited, "***Rothschild***"), a financial advisory services and investment banking firm. The principal office of Rothschild Inc. is located at 1251 Avenue of the Americas, 51st Floor, New York, New York 10020. N M Rothschild & Sons Limited has its principal office at New Court, St. Swithin's Lane, London, UK, EC4N 8AL. On behalf of Rothschild, I have been extensively involved during the course of Rothschild's engagement by Arcapita Bank B.S.C.(c) ("***Arcapita Bank***") and its affiliated debtors and debtors in possession (collectively, with Arcapita Bank, the "***Debtors***" and each, a "***Debtor***").

2. As a Managing Director of Rothschild and one of the persons responsible for Rothschild's engagement by Arcapita Bank, I am duly authorized to make this Declaration on behalf of Rothschild in support of confirmation of the *Second Amended Joint Plan of Reorganization of Arcapita Bank B.S.C.(c) and related Debtors under Chapter 11 of the*

Bankruptcy Code, dated April 25, 2013 [Docket No. 1036] (as amended and including all exhibits and supplements thereto, the "***Plan***").[1]

3. Except as otherwise indicated herein, all facts set forth in this Declaration are based upon my personal knowledge, information learned from my review of relevant documents and information supplied to me by Rothschild professionals acting under my supervision. If called upon to testify, I could and would testify competently to the facts set forth herein.

BACKGROUND AND QUALIFICATIONS

4. Rothschild Inc. and N M Rothschild & Sons Limited are members of one of the world's leading independent investment banking groups, with more than forty (40) offices in more than thirty (30) countries, including an office located at 1251 Avenue of the Americas, 51st Floor, New York, New York 10020. N M Rothschild & Sons Limited has its principal office at New Court, St. Swithin's Lane, London, UK, EC4N 8AL. Rothschild has expertise in domestic, international and cross-border restructurings, mergers and acquisitions and other debt and financial advisory services. Rothschild has served as bankruptcy and restructuring advisor to debtors, bondholders, creditors' committees, single creditor classes and secured creditors in a variety of industries. Rothschild Inc. is a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. N M Rothschild & Sons Limited is regulated by the Financial Services Authority.

5. Rothschild and its professionals have extensive experience working with financially troubled companies from a range of industries in complex financial and operational restructurings, both in- and out-of-court. In the financial services sector, Rothschild's professionals have provided financial advisory services, for example, to a special committee of

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

the board of American International Group, Inc. in connection with its recapitalization and to policyholders of the Financial Guarantee Investment Corporation in connection with its restructuring. More broadly, professionals of Rothschild are providing or have provided financial advisory, investment banking and other services in connection with the restructuring of numerous companies, including the following: *In re Global Aviation Holdings Inc.*, Case No. 12-40783 (CEC) (Bankr. E.D.N.Y. Mar. 22, 2012); *In re AMR Corporation*, Case No. 11-15463 (SHL) (Bankr. S.D.N.Y. Mar. 2, 2012); *In re Filene's Basement, LLC*, Case No. 11-13511 (KJC) (Bankr. D. Del. Feb. 8, 2012); *In re Nassau Broadcasting Partners*, *L.P.*, Case No. 11-12934 (KG) (Bankr. D. Del. Nov. 21, 2011); *In re Inner City Media Corporation*, Case No. 13967 (SCC) (Bankr. S.D.N.Y. Nov. 18, 2011); *In re DSI Holdings, Inc.*, Case No. 11-11941 (KJC) (Bankr. D. Del. July 19, 2011); *In re Sbarro, Inc.*, Case No. 11-11527 (SCC) (Bankr. S.D.N.Y. May 4, 2011); *In re Harry & David Holdings, Inc.*, Case No. 11-10884 (MFW) (Bankr. D. Del. Apr. 27, 2011); *In re Blockbuster Inc.*, Case No. 10-14997 (BRL) (Bankr. S.D.N.Y. Nov. 2, 2010); *In re Penton Business Media Holdings, Inc.*, Case No. 10-10689 (AJG) (Bankr. S.D.N.Y. Mar. 5, 2010); *In re Affiliated Media Inc.*, Case No. 10-10202 (KJC) (Bankr. D. Del. Mar. 3, 2010); *In re Trident Resources Corp.*, Case No. 09-13150 (MFW) (Bankr. D. Del. Jan. 28, 2010); *In re FairPoint Commc'ns, Inc.*, Case No. 09-16335 (BRL) (Bankr. S.D.N.Y. Jan. 11, 2010); *In re MIG, Inc.*, Case No. 09-12118 (KG) (Bankr. D. Del. Sept. 4, 2009); *In re Sea Launch Co., LLC*, Case No. 09-12153 (BLS) (Bankr. D. Del. Aug. 20, 2009); *In re Visteon Corp.*, Case No. 09-11786 (CSS) (Bankr. D. Del. July 1, 2009); *In re Sun-Times Media Group, Inc.*, Case No. 09-11092 (CSS) (Bankr. D. Del. May 12, 2009); *In re Tronox Inc.*, Case No. 09-10156 (ALG) (Bankr. S.D.N.Y. Jan. 12, 2009); *In re PPI Holdings, Inc.*, Case No. 08-13289 (KG) (Bankr. D. Del. Feb. 4, 2009); *In re Recycled Paper Greetings Inc.*, Case No. 09-10002

(KG) (Bankr. D. Del. Jan. 23, 2009); *In re Milacron Inc.*, Case No. 09-11235 (JVA) (Bankr. S.D. Ohio Apr. 6, 2009); *In re Circuit City Stores, Inc.*, Case No. 08-35653 (KRH) (Bankr. E.D. Va. Jan. 9, 2009); *In re VeraSun Energy Corp.*, Case No. 08-12606 (BLS) (Bankr. D. Del. Jan. 6, 2009); *In re Motor Coach Industries Int'l, Inc.*, Case No. 08-12136 (BLS) (Bankr. D. Del. Oct. 17, 2008); *In re BHM Technologies Holdings*, Case No. 08-04413 (SWD) (Bankr. W.D. Mich. July 25, 2008); *In re Hilex Poly Co. LLC*, Case No. 08-10890 (KJC) (Bankr. D. Del. May 30, 2008); *In re Werner Holding Co. (DE), Inc.*, Case No. 06-10578 (KJC) (Bankr. D. Del. Aug. 14, 2006) *In re Delphi Corp.*, Case No. 05-44481 (RDD) (Bankr. S.D.N.Y. Nov. 30, 2005); *In re Northwest Airlines Corp.*, Case No. 05-17930 (ALG) (Bankr. S.D.N.Y. Sept. 14, 2005); *In re Solutia Inc.*, Case No. 03-17949 (PCB) (Bankr. S.D.N.Y. May 14, 2004); *In re Int'l Wire*, Case No. 04-11991 (BRL) (Bankr. S.D.N.Y. July 1, 2004); *In re New World Pasta Co.*, Case No. 04-02817 (MDF) (Bankr. M.D. Pa. June 18, 2004); *In re James River Coal Co.*, Case No. 03-04095 (MFH) (Bankr. M.D. Tenn. May 23, 2003); *In re Superior TeleCom Inc., et al.*, Case No. 03-10607 (KJC) (Bankr. D. Del. Apr. 10, 2003); *In re WestPoint Stevens, Inc.*, Case No. 03-13532 (RDD) (Bankr. S.D.N.Y. June 3, 2003); *In re UAL Corp.*, Case No. 02-48191 (ERW) (Bankr. N.D. Ill. Dec. 9, 2002); *In re Viasystems Group, Inc.*, Case No. 02-14867 (ALG) (Bankr. S.D.N.Y. Nov. 21, 2002); and *In re Guilford Mills, Inc.*, Case No. 02-40667 (BRL) (Bankr. S.D.N.Y. June 26, 2002).

6. On March 19, 2012, the Debtors and Rothschild entered into an engagement letter regarding the retention of Rothschild as financial advisor and investment banker to the Debtors. On July 9, 2012, the Court entered its *Order Approving the Debtors' Employment and Retention of Rothschild Inc. and N M Rothschild & Sons Limited as Financial Advisors and Investment Bankers for the Debtors Nunc Pro Tunc to the Petition Date* [Docket No. 305].

7. During the Chapter 11 Cases, Rothschild and I have worked closely with the Debtors' management, financial staff and other professionals in the Debtors' restructuring efforts; analyzed the Debtors' liquidity and projected cash flows; acquainted ourselves with the Debtors' businesses, operations, properties and finances; and advised the Debtors in their evaluation of financing alternatives. Since its initial retention by the Debtors, Rothschild has provided financial advisory services to the Debtors in connection with their chapter 11 filing and provided general advice as it relates to the chapter 11 process. As a result of its work with the Debtors, Rothschild and I have developed a significant reserve of institutional knowledge about the Debtors' business, operations, capital structure and other material information.

PROJECTIONS

8. I and other professionals at Rothschild have reviewed the Debtors' financial projections (the "***Projections***"), a copy of which was attached as Exhibit C to the Disclosure Statement and hereto as ***Exhibit A***. Additionally, attached hereto as ***Exhibit B*** is an updated version of the Projections (the "***Updated Projections***")[2] that primarily reflects additional Claims and financial information received since the Disclosure Statement was filed with the Court on April 26, 2013. Based on the Debtors' Updated Projections, I and other professionals at Rothschild assisted in the calculation of recoveries to Creditors.

9. I am aware that the Projections and the Updated Projections for recoveries under the Plan are based, in part, upon confidential valuation reports prepared by KPMG LLP valuing the assets that, under the Plan, will become the assets of the Reorganized Arcapita Groups, and in part based on projections prepared by AIHL and Arcapita Bank with the assistance of Alvarez & Marsal North America, LLC. The valuation reports are confidential, market sensitive and

[2] A copy of the Updated Projections was also attached to the Plan Supplement as Annex 25 [Docket No. 1195].

would negatively impact the recovery that may be expect for the asset are, therefore, they have not been attached to the Disclosure Statement.

10. The Updated Projections reflect the following:

(i) The Exit Facility will be paid in full;

(ii) the total projected payments to be made on account of the Sukuk Obligations will be US$690.7 million;

(iii) insufficient funds will be generated from sale of the Reorganized Arcapita Group's assets to pay the full Liquidation Preference; and

(iv) the total distributions to holders of New Arcapita Class A Shares are projected to be US$220.6 million.

11. Because insufficient funds are projected to be generated from the sale of the Reorganized Arcapita Group's assets to pay the full Liquidation Preference, it is not projected that any Distributions will be made on account of the New Arcapita Ordinary Shares, including those purchased by exercise of the New Arcapita Creditor Warrants.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed on this 6th day of June, 2013.

/s/ Bernard Douton
Bernard Douton,
Managing Director,
Rothschild Inc.

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Exhibit A

Projections

PROJECTIONS

1. <u>Responsibility for and Purpose of the Projections</u>

In connection with the development of the Plan and for the purposes of determining whether the Plan satisfies the feasibility standard set forth in section 1129(a)(11) of the Bankruptcy Code, the Debtors analyzed their ability, as Reorganized, to satisfy their financial obligations while maintaining sufficient liquidity and capital resources. Accordingly, management developed a business plan and prepared financial projections (the "***Projections***") for the period from June 1, 2013 through June 30, 2018 (the "***Projection Period***"). Capitalized terms that are not defined herein shall have the meanings ascribed to them in the Plan or Disclosure Statement.

The Debtors do not, as a matter of course, publish their business plans or strategies, projections or anticipated financial position. Accordingly, the Debtors do not anticipate that they will, and disclaim any obligation to, furnish updated business plans or projections to Holders of Claims or other parties in interest after the Confirmation Date or otherwise make such information public, except to the extent required to comply with the provisions of the New Murabaha Facilities, the Sukuk Facility, the New Arcapita Shares and the requirements of any applicable regulatory body, including but not limited to the Central Bank of Bahrain.

In connection with the planning and development of the Plan, the Projections were prepared by the Debtors to present the anticipated impact of the Plan. The Projections assume that the Plan will be implemented in accordance with its stated terms. The Projections are based on forecasts of key economic variables and may be significantly impacted by, among other factors, changes in the competitive environment, regulatory changes and/or a variety of other factors, including the risk factors listed in the Plan and the Disclosure Statement. Accordingly, the estimates and assumptions underlying the Projections are inherently uncertain and are subject to significant business, economic and competitive uncertainties. Therefore, such Projections, estimates and assumptions are not necessarily indicative of current values or future performance, which may be significantly less or more favorable than set forth herein. The Projections included herein were prepared as of the date of the Disclosure Statement. Management is unaware of any circumstances as of the date of this Disclosure Statement that would require the re-forecasting of the Projections due to a material change in the Debtors' prospects.

Below are the unaudited projected consolidated Statement of Cash Flows, Balance Sheet and Income Statement for the time period June 1, 2013 through June 30, 2018. The Projections should be read in conjunction with the significant assumptions, qualifications and notes set forth below.

THE PROJECTIONS ARE FORWARD LOOKING AND ARE SUBJECT TO THE DISCLAIMER AND LIMITATIONS SET FORTH AT PAGES I - V AND IN SECTIONS XVII.B.2 AND XVIII.E OF THE DISCLOSURE STATEMENT. THE PROJECTIONS WERE NOT PREPARED IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES OR INTERNATIONAL FINANCIAL REPORTING STANDARDS OR TO COMPLY WITH THE RULES AND REGULATIONS OF THE

SEC OR ANY FOREIGN REGULATORY AUTHORITY. THE PROJECTIONS HAVE NOT BEEN AUDITED, REVIEWED, OR COMPILED BY THE DEBTORS' INDEPENDENT PUBLIC ACCOUNTANTS, NOR HAVE THEY EXPRESSED ANY OPINION OR ANY OTHER FORM OF ASSURANCE AS TO SUCH INFORMATION OR ITS ACHIEVABILITY.

THE PROJECTIONS, WHILE PRESENTED WITH NUMERICAL SPECIFICITY, ARE NECESSARILY BASED ON A VARIETY OF ESTIMATES AND ASSUMPTIONS WHICH, THOUGH CONSIDERED REASONABLE BY THE DEBTORS, MAY NOT BE REALIZED AND ARE INHERENTLY SUBJECT TO SIGNIFICANT BUSINESS, ECONOMIC, COMPETITIVE, INDUSTRY, REGULATORY, MARKET, AND FINANCIAL UNCERTAINTIES AND CONTINGENCIES, MANY OF WHICH ARE BEYOND THE REORGANIZED DEBTORS' CONTROL. THE DEBTORS CAUTION THAT NO REPRESENTATIONS CAN BE MADE OR ARE MADE AS TO THE ACCURACY OF THE PROJECTIONS OR TO THE REORGANIZED DEBTORS' ABILITY TO ACHIEVE THE PROJECTED RESULTS. SOME ASSUMPTIONS INEVITABLY WILL BE INCORRECT. MOREOVER, EVENTS AND CIRCUMSTANCES OCCURRING SUBSEQUENT TO THE DATE ON WHICH THE DEBTORS PREPARED THESE PROJECTIONS MAY BE DIFFERENT FROM THOSE ASSUMED, OR, ALTERNATIVELY, MAY HAVE BEEN UNANTICIPATED, AND THUS THE OCCURRENCE OF THESE EVENTS MAY AFFECT FINANCIAL RESULTS IN A MATERIALLY ADVERSE OR MATERIALLY BENEFICIAL MANNER. EXCEPT AS OTHERWISE PROVIDED IN THE PLAN OR DISCLOSURE STATEMENT, THE DEBTORS AND REORGANIZED DEBTORS, AS APPLICABLE, DO NOT INTEND, AND UNDERTAKE NO OBLIGATION, TO UPDATE OR OTHERWISE REVISE THE PROJECTIONS TO REFLECT EVENTS OR CIRCUMSTANCES EXISTING OR ARISING AFTER THE DATE THE DISCLOSURE STATEMENT IS INITIALLY FILED OR TO REFLECT THE OCCURRENCE OF UNANTICIPATED EVENTS. THEREFORE, THE PROJECTIONS MAY NOT BE RELIED UPON AS A GUARANTY OR OTHER ASSURANCE OF THE ACTUAL RESULTS THAT WILL OCCUR. IN DECIDING WHETHER TO VOTE TO ACCEPT OR REJECT THE PLAN, HOLDERS OF CLAIMS AND INTERESTS ENTITLED TO VOTE MUST MAKE THEIR OWN DETERMINATIONS AS TO THE REASONABLENESS OF SUCH ASSUMPTIONS AND THE RELIABILITY OF THE PROJECTIONS AND SHOULD CONSULT WITH THEIR OWN ADVISORS.

2. General Assumptions Underlying Projections

a. *Methodology*.

The Projections were created based upon input from the investment teams and other operating personnel (including Human Resources, Financial Control, and certain other corporate functions) of the Arcapita Group according to each group's area of expertise and were prepared in conjunction with the Debtors' financial advisors. Each investment was evaluated individually to determine the expected divestment timing and the resulting proceeds to the Reorganized Arcapita Group as determined by a discrete waterfall analysis for each investment. The Projections were reviewed and modified by the Debtors' senior management team in conjunction with the Debtors' financial advisors and approved by the board of directors of each Debtor as a component of the Plan and Disclosure Statement.

b. *Projection Period and Fiscal Year*.

The Projections encompass a time period from June 1, 2013 through June 30, 2018 and are stated on a July 1 to June 30 fiscal year basis.

c. *Plan Consummation.*

The Projections assume that the Effective Date of the Plan will be May 31, 2013.

d. *Macroeconomic and Industry Environment.*

The Projections reflect a stable economic environment and a relatively flat interest rate environment over the Projection Period.

e. *Exchange Rates.*

The following exchange rates were utilized to convert local currencies to U.S. dollars:

BHD	2.6267
EUR	1.3369
GBP	1.6106
INR	0.0112
JPY	0.0125
SGD	0.8154

3. Reorganized Arcapita Group – Consolidated Statement of Cash Flows (Unaudited)

USD millions	Month ending Jun-13	Year ending Jun-14 FY '13	Jun-15 FY '14	Jun-16 FY '15	Jun-17 FY '16	Jun-18 FY '17
Beginning cash balance	**123.8**	**54.0**	**33.0**	**33.4**	**21.8**	**20.0**
Proceeds from disposals	24.4	458.0	451.8	476.2	51.2	27.1
Deal funding	(35.0)	(33.8)	(5.7)	(2.8)	-	-
Total investment cashflows	**(10.6)**	**424.2**	**446.1**	**473.3**	**51.2**	**27.1**
Recurring income	0.8	10.9	9.4	14.6	-	-
Operating expenses	(7.4)	(20.3)	(25.1)	(29.6)	(8.8)	(2.5)
Total operating cash flows	**(6.6)**	**(9.4)**	**(15.8)**	**(15.0)**	**(8.8)**	**(2.5)**
Pre-financing cash flow	**(17.2)**	**414.7**	**430.3**	**458.4**	**42.3**	**24.6**
Restructuring fees and other expenses	(5.4)	(7.9)	(3.3)	(2.6)	(1.6)	(0.8)
Financing costs	(1.5)	(11.5)	(1.3)	-	-	-
Net cash flow post financing	**(24.2)**	**395.4**	**425.7**	**455.8**	**40.7**	**23.8**
Cash sweep	(45.6)	(416.4)	(425.4)	(467.4)	(42.6)	(43.8)
Net cash flow post sweep	**(69.8)**	**(21.0)**	**0.3**	**(11.5)**	**(1.8)**	**(20.0)**
Ending cash balance	**54.0**	**33.0**	**33.4**	**21.8**	**20.0**	**0.0**

a. *Proceeds from disposals.*

Proceeds from disposals include proceeds from investment exits. These proceeds are derived from assessments of each investment carried out by the Arcapita Group employees responsible for managing these investments as well as the Debtors' financial advisors. Total proceeds from investment exits are projected to be approximately $1.3 billion (net of repayment of the Repurchase Price to QIB).

b. *Deal funding.*

The Reorganized Arcapita Group is entitled, but not required, to provide its pro rata share of any working capital funding that may be required by any of the Investments. The Projections anticipate that the Reorganized Arcapita Group will fund 100% of required deal funding costs of approximately $77.4 million into various investments prior to exiting them in order to protect or enhance the value of the Reorganized Arcapita Group's stake. Since all of these deal fundings are expected to be made in the form of new Murabaha financings from WCFs to the Intermediate Holdcos and/or Transaction Holdcos for each affected investment, the Reorganized Arcapita Group expects to recover all of these deal fundings at the time of investment exit.

c. *Recurring income.*

Recurring income consists of cash management fees and other miscellaneous receipts. Cash-pay management fees are projected to be approximately $25 million over the Projection Period and are derived from six investments. Any earned and collectible management fees that are not paid in cash will be reflected in the "Proceeds from disposals" line item and collected upon the sale of the associated investment. Other miscellaneous receipts include administration fees of approximately $1 million derived from one investment and a related one-time performance fee of $10 million.

d. *Operating expenses.*

Operating expenses are comprised of three components: (i) management fees paid by the Reorganized Arcapita Group to a third-party asset manager, AIM Group Limited ("***AIM***"); (ii) incentive compensation paid to AIM; and (iii) other expenses paid directly by Reorganized Arcapita Group for personnel, services or other items which are not covered by the Management Services Agreement between Reorganized Arcapita Group and AIM.

- Management fees paid to AIM include (i) guaranteed fees of $20 million in aggregate during the initial period between the emergence date and December 2014 (the "***Initial Period***"), and (ii) contingent management fees of approximately $15.6 million based upon achievement of certain performance metrics during the same period. The specific services to be provided by AIM are articulated in Exhibit L to the Disclosure Statement. After the Initial Period, management fees will be calculated as 2% of assets under management ("***AUM***"), measured and paid on a quarterly basis. In aggregate the management fees paid subsequent to the Initial Period are estimated to be $14.1 million.
- Incentive compensation paid to AIM is estimated to be approximately $33.3 million and is earned only if investment disposition proceeds exceed their current appraised value, plus a capital charge to yield a 10% annual internal rate of return ("***IRR***"). The incentive compensation amount will equal 10% of the amount by which investment sale proceeds exceed the sum of the current appraised value and the capital charge. Seventy five percent (75%) of such incentive compensation will be paid currently as investment dispositions occur and the remaining balance will be paid once an IRR of 10% is achieved for all investments on an aggregate basis after all investment dispositions are completed.
- Certain other operating expenses are anticipated for items which are not covered by the Management Services Agreement between the Reorganized Arcapita Group and AIM. Broadly, those expenses include: (i) compensation and out-of-pocket expenses for the board of directors of the Reorganized Arcapita Group and the various Disposition Committee members; (ii) Central Bank of Bahrain regulatory fees and related expenses; (iii) Directors & Officers liability insurance and other insurance; (iv) fees for external audits of the books and records of the Reorganized Arcapita Group; (v) licensing and other fees and expenses to maintain existing corporate legal structures in the Cayman Islands and various other jurisdictions; and (vi) miscellaneous other operating costs.

e. *Restructuring fees and other expenses.*

Restructuring fees and other expenses primarily include: (i) legal and professional fees and other associated expenses related to exited deal expenses in connection with funding of transaction costs for the sale of entities without sufficient cash, dissolving legal entities, financing transactions, general corporate matters, litigation and addressing miscellaneous legal issues; (ii) separation payments of approximately $4.4 million for terminated employees; and (iii) various potential other costs and expenses associated with implementation of the plan items. A portion of these expenses may be recouped when the investment dispositions occur.

f. *Financing costs.*

Financing costs include profit on post-petition financing, including the Exit Facility, New SCB Facility and the Sukuk Facility.

4. Reorganized Arcapita Group – Projected Consolidated Balance Sheet (Unaudited)

	Month ending		Year ending				
	May-13	Jun-13	Jun-14	Jun-15	Jun-16	Jun-17	Jun-18
USD millions			FY '13	FY '14	FY '15	FY '16	FY '17
Cash and equivalents	123.8	54.0	33.0	33.4	21.8	20.0	0.0
IPP / IIP converted to investments	13.5	13.5	12.0	1.0	1.0	0.5	0.0
Murabaha financing	294.9	278.8	326.6	260.8	17.5	0.0	0.0
Other receivables	240.7	275.5	191.6	135.1	13.7	6.5	0.0
Equity investments	509.8	509.8	221.3	62.1	34.2	19.5	0.0
Fixed assets	13.9	13.9	13.9	13.9	13.9	13.9	13.9
Other assets	6.7	6.7	0.7	0.7	0.7	0.7	0.7
Total assets	**1,203.3**	**1,152.2**	**799.3**	**507.0**	**102.9**	**61.1**	**14.8**
Post-petition facilities							
Exit financing	215.0	171.2	-	-	-	-	-
SCB facility	86.7	86.7	46.5	-	-	-	-
QIB Lusail financing	196.5	196.5	-	-	-	-	-
Sukuk facility	550.0	550.0	550.0	293.9	-	-	-
Total accrued profit	-	5.5	71.5	-	-	-	-
Total liabilities	**1,048.2**	**1,009.9**	**668.0**	**293.9**	**-**	**-**	**-**
New Arcapita Class A Shares	810.0	810.0	810.0	810.0	656.3	613.8	569.9
Ordinary S / H equity	(654.9)	(667.7)	(678.7)	(596.9)	(553.4)	(552.6)	(555.2)
Total equity	**155.1**	**142.3**	**131.3**	**213.1**	**102.9**	**61.1**	**14.8**
Total liabilities and equity	**1,203.3**	**1,152.2**	**799.3**	**507.0**	**102.9**	**61.1**	**14.8**

a. *IPP/IIP converted to investments.*

The Investment Participation Program ("***IPP***") and Investment Incentive Program (the "***IIP***," and together with the IPP, "***IPP/IIP***") were designed to provide certain management level employees the opportunity to co-invest with the Arcapita Group in portfolio companies and obtain shares using the proceeds of loans from the Arcapita Group which are repaid over time from future employee bonus payments (with respect to the IPP) or through deferred compensation (with respect to the IIP). Pursuant to the Global Settlement, all Employees who participate in the IPP or the IIP would have the option of exchanging their "unpaid" Investment Shares for cancellation of their outstanding loan obligation (with respect to the IPP) or CLRA obligation (with respect to the IIP), provided that such Employees, if terminated, also agreed to forgo their statutory and contractual rights to notice and severance payments in return for a combined notice and severance payment capped at four months of notice and severance pay. IPP/IIP converted to investments represents the value of the "unpaid" Investment Shares that is expected to be returned by employees to the Reorganized Arcapita Group as part of the Global Settlement.

b. *Murabaha investments.*

Murabaha financings include investments made by the Debtors indirectly, through WCFs owned by AIHL, to the direct or indirect parents of portfolio companies which comprise the Debtors' Short-Term Holdings and Long-Term Holdings. These investments are owed to the WCFs that were formed solely to fund these working capital facilities for the benefit of the portfolio companies. The Reorganized Arcapita Group will receive repayments of its Murabaha investments at the time of each portfolio company monetization.

c. *Other receivables.*

Other Receivables include accrued management fees and other miscellaneous receivable amounts due from Transaction Holdcos, Syndication Companies, PNVs and/or other intermediary holding companies of acquired portfolio companies (and in certain occasions, the portfolio companies themselves). Prior to the filing of the Chapter 11 Cases, Arcapita Bank frequently paid expenses of or incurred other obligations on behalf of these companies. For example, Arcapita Bank would receive an invoice from a professional for services performed for a Transaction Holdco, Syndication Company or PNV, and would pay that invoice. The expenses or other obligations that were paid by Arcapita Bank were, in turn, reflected as receivables due from the applicable company. These amounts are owed directly to Arcapita Bank and, as a general matter, would be paid at the time of each portfolio company monetization.

d. *Equity investments.*

Equity investments include the Reorganized Arcapita Group's indirect equity interests in the operating portfolio companies. These equity interests are held as Short-Term Holdings, through AIHL, and as Long-Term Holdings, through LT Holdings.

e. *Fixed assets and other assets.*

Fixed assets comprise furniture, phones, software, motor vehicles and other miscellaneous equipment. Other assets consist primarily of goodwill from the acquisition of one investment as well as miscellaneous other assets. The $13.9 million of fixed assets and $0.7 million of other assets represent book values, and no monetization proceeds are expected from these assets.

f. *Post-petition facilities.*

Post-petition facilities include the following debt and equity facilities:

- <u>Exit Facility</u>: the Projections assume that Certain Reorganized Debtors (other than Falcon), certain New Holding Companies and/or certain other members of the Arcapita

Group will enter into an Exit Facility with a cost price of approximately $215 million to $225 million, the proceeds of which will be used to pay in full the Claims arising from the DIP Facility, to provide working capital and, potentially, to effectuate a take-out of the SCB Facility.[1] The principal terms of the Exit Facility are set forth in the Exit Facility Term Sheet annexed to the Disclosure Statement.

- New SCB Facility: The Projections assume that certain of the New Holding Companies and/or certain of the Reorganized Debtors (other than Falcon) will enter into the New SCB Facility that will replace the existing SCB Facility at emergence. The principal terms of the New SCB Facility are set forth in the SCB Term Sheet annexed to the Disclosure Statement.

- QIB Lusail Financing: The Projections assume that the Reorganized Arcapita Group will exercise its Option to repurchase the JV Shares from QIB. The QIB Lusail financing represents the $196.5 million of obligations that will be due to QIB upon the exercise of the Option (plus the $20 million Call Premium and certain Shari'ah compliance costs that are deducted from Lusail exit proceeds). This obligation is projected to be satisfied at the time of the sale of the Lusail Joint Venture.

- Sukuk Facility: As part of its reorganization, the Reorganized Arcapita Group will be issuing a new Mudaraba sukuk facility, with a cost price of up to $550 million, at emergence to certain of its prepetition creditors. This facility will rank junior in terms of distributions to the Exit Facility and the New SCB Facility and will carry a profit rate of 12.0% per annum.

- New Arcapita Class A Shares: As part of its reorganization, New Arcapita Topco will be issuing senior preference shares with a liquidation preference of $810 million at emergence to certain of its prepetition Creditors. The New Arcapita Class A Shares will not carry any profit rate and will be redeemed only after the Exit Facility, the New SCB Facility and the Sukuk Facility have been fully paid off.

[1]The Exit Facility may be upsized to a cost price of approximately $300 million to $315 million, if and to the extent necessary, to fund a take-out of the SCB Facility. The impact of any such take-out, if it occurs, will be set forth in the final Projections filed with the Plan Supplement.

5. Reorganized Arcapita Group – Projected Consolidated Income Statement (Unaudited)

	Month ending	Year ending				
	Jun-13	Jun-14	Jun-15	Jun-16	Jun-17	Jun-18
USD millions		FY '13	FY '14	FY '15	FY '16	FY '17
Recurring income	9.6	114.2	97.3	72.0	3.2	0.7
Capital gains / (losses)	-	30.4	67.6	48.9	8.0	-
Operating income	**9.6**	**144.6**	**165.0**	**121.0**	**11.2**	**0.7**
Total financing costs	(8.8)	(85.9)	(52.7)	(19.7)	-	-
Net operating income	**0.8**	**58.7**	**112.3**	**101.2**	**11.2**	**0.7**
Operating expenses	(7.4)	(20.3)	(25.1)	(29.6)	(8.8)	(2.5)
Net income before provisions, financing and restructuring fees	**(6.6)**	**38.4**	**87.2**	**71.6**	**2.4**	**(1.8)**
Provisions	(0.8)	(41.5)	(2.1)	(25.6)	0.0	0.0
Restructuring fees and other expenses	(5.4)	(7.9)	(3.3)	(2.6)	(1.6)	(0.8)
Dividend to Class A Preferred holders	-	-	-	(153.7)	(42.6)	(43.8)
Net income	**(12.8)**	**(11.0)**	**81.8**	**(110.2)**	**(41.8)**	**(46.4)**

a. *Recurring income.*

Differing from recurring income on the consolidated statement of cash flows, the recurring income included in the consolidated income statement comprises cash management fees and other miscellaneous receipts, as well as non-cash accruals of management fees and Murabaha profits.

b. *Capital gains / (losses).*

Upon emergence, equity investments are projected to be written up or down on the balance sheet to equity value implied by the "exit" midpoint enterprise value calculated by KPMG or the Debtors (as applicable) for each of the Arcapita Group's portfolio companies in instances where equity value implied by the "exit" midpoint enterprise value is greater than equity value implied by the "current" midpoint enterprise value. Upon exit, in cases where exit proceeds from equity stakes exceed the equity value on the balance sheet, a capital gain is recognized. A loss is recognized when exit proceeds from equity stakes are less than the equity value on the balance sheet.

c. *Provisions.*

Provisions occur when the value on the balance sheet for accrued pre- and post-petition Murabaha investments, management and administration fee receivables and other receivables exceed or are less than the exit cash proceeds from respective assets, necessitating a recognition of a reserve on assets or an extraordinary gain, respectively, on the consolidated income statement. For the purposes of the summary consolidated income statement shown, provisions shown are on a net basis, including recognition of both reserves and extraordinary gains.

Exhibit B

Updated Projections

PROJECTIONS

1. Responsibility for and Purpose of the Projections

In connection with the development of the Debtors' *Second Amended Joint Plan of Reorganization of Arcapita Bank B.S.C.(c), and Related Debtors Under Chapter 11 of the Bankruptcy Code* [Docket No. 1036] (the "***Plan***") and for the purposes of determining whether the Plan satisfies the feasibility standard set forth in section 1129(a)(11) of the Bankruptcy Code, the Debtors analyzed their ability, as Reorganized, to satisfy their financial obligations while maintaining sufficient liquidity and capital resources. Accordingly, management developed a business plan and prepared financial projections (the "***Projections***") for the period from July 1, 2013 through June 30, 2018 (the "***Projection Period***"). Capitalized terms that are not defined herein shall have the meanings ascribed to them in the Plan.

The Debtors do not, as a matter of course, publish their business plans or strategies, projections or anticipated financial position. Accordingly, the Debtors do not anticipate that they will, and disclaim any obligation to, furnish updated business plans or projections to Holders of Claims or other parties in interest after the Confirmation Date or otherwise make such information public, except to the extent required to comply with the provisions of the New Murabaha Facilities, the Sukuk Facility, the New Arcapita Shares and the requirements of any applicable regulatory body, including but not limited to the Central Bank of Bahrain.

In connection with the planning and development of the Plan, the Projections were prepared by the Debtors to present the anticipated impact of the Plan. The Projections assume that the Plan will be implemented in accordance with its stated terms. The Projections are based on forecasts of key economic variables and may be significantly impacted by, among other factors, changes in the competitive environment, regulatory changes and/or a variety of other factors, including the risk factors listed in the Plan and the Disclosure Statement. Accordingly, the estimates and assumptions underlying the Projections are inherently uncertain and are subject to significant business, economic and competitive uncertainties. Therefore, such Projections, estimates and assumptions are not necessarily indicative of current values or future performance, which may be significantly less or more favorable than set forth herein. The Projections included herein were prepared as of May 30, 2013. Management is unaware of any circumstances as of May 30, 2013 that would require the re-forecasting of the Projections due to a material change in the Debtors' prospects.

Below are the unaudited projected consolidated Statement of Cash Flows, Balance Sheet and Income Statement for the time period July 1, 2013 through June 30, 2018. The Projections should be read in conjunction with the significant assumptions, qualifications and notes set forth below.

THE PROJECTIONS ARE FORWARD LOOKING AND ARE SUBJECT TO THE DISCLAIMER AND LIMITATIONS SET FORTH AT PAGES I - V AND IN SECTIONS XVII.B.2 AND XVIII.E OF THE DISCLOSURE STATEMENT. THE PROJECTIONS WERE NOT PREPARED IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES OR INTERNATIONAL FINANCIAL REPORTING

STANDARDS OR TO COMPLY WITH THE RULES AND REGULATIONS OF THE SEC OR ANY FOREIGN REGULATORY AUTHORITY. THE PROJECTIONS HAVE NOT BEEN AUDITED, REVIEWED, OR COMPILED BY THE DEBTORS' INDEPENDENT PUBLIC ACCOUNTANTS, NOR HAVE THEY EXPRESSED ANY OPINION OR ANY OTHER FORM OF ASSURANCE AS TO SUCH INFORMATION OR ITS ACHIEVABILITY.

THE PROJECTIONS, WHILE PRESENTED WITH NUMERICAL SPECIFICITY, ARE NECESSARILY BASED ON A VARIETY OF ESTIMATES AND ASSUMPTIONS WHICH, THOUGH CONSIDERED REASONABLE BY THE DEBTORS, MAY NOT BE REALIZED AND ARE INHERENTLY SUBJECT TO SIGNIFICANT BUSINESS, ECONOMIC, COMPETITIVE, INDUSTRY, REGULATORY, MARKET, AND FINANCIAL UNCERTAINTIES AND CONTINGENCIES, MANY OF WHICH ARE BEYOND THE REORGANIZED DEBTORS' CONTROL. THE DEBTORS CAUTION THAT NO REPRESENTATIONS CAN BE MADE OR ARE MADE AS TO THE ACCURACY OF THE PROJECTIONS OR TO THE REORGANIZED DEBTORS' ABILITY TO ACHIEVE THE PROJECTED RESULTS. SOME ASSUMPTIONS INEVITABLY WILL BE INCORRECT. MOREOVER, EVENTS AND CIRCUMSTANCES OCCURRING SUBSEQUENT TO THE DATE ON WHICH THE DEBTORS PREPARED THESE PROJECTIONS MAY BE DIFFERENT FROM THOSE ASSUMED, OR, ALTERNATIVELY, MAY HAVE BEEN UNANTICIPATED, AND THUS THE OCCURRENCE OF THESE EVENTS MAY AFFECT FINANCIAL RESULTS IN A MATERIALLY ADVERSE OR MATERIALLY BENEFICIAL MANNER. EXCEPT AS OTHERWISE PROVIDED IN THE PLAN OR DISCLOSURE STATEMENT, THE DEBTORS AND REORGANIZED DEBTORS, AS APPLICABLE, DO NOT INTEND, AND UNDERTAKE NO OBLIGATION, TO UPDATE OR OTHERWISE REVISE THE PROJECTIONS TO REFLECT EVENTS OR CIRCUMSTANCES EXISTING OR ARISING AFTER THE DATE THE DISCLOSURE STATEMENT IS INITIALLY FILED OR TO REFLECT THE OCCURRENCE OF UNANTICIPATED EVENTS. THEREFORE, THE PROJECTIONS MAY NOT BE RELIED UPON AS A GUARANTY OR OTHER ASSURANCE OF THE ACTUAL RESULTS THAT WILL OCCUR. IN DECIDING WHETHER TO VOTE TO ACCEPT OR REJECT THE PLAN, HOLDERS OF CLAIMS AND INTERESTS ENTITLED TO VOTE MUST MAKE THEIR OWN DETERMINATIONS AS TO THE REASONABLENESS OF SUCH ASSUMPTIONS AND THE RELIABILITY OF THE PROJECTIONS AND SHOULD CONSULT WITH THEIR OWN ADVISORS.

2. General Assumptions Underlying Projections

a. *Methodology*.

The Projections were created based upon input from the investment teams and other operating personnel (including Human Resources, Financial Control, and certain other corporate functions) of the Arcapita Group according to each group's area of expertise and were prepared in conjunction with the Debtors' financial advisors. Each investment was evaluated individually to determine the expected divestment timing and the resulting proceeds to the Reorganized Arcapita Group as determined by a discrete waterfall analysis for each investment. The

Projections were reviewed and modified by the Debtors' senior management team in conjunction with the Debtors' financial advisors.

b. *Projection Period and Fiscal Year*.

The Projections encompass a time period from July 1, 2013 through June 30, 2018 and are stated on a July 1 to June 30 fiscal year basis.

c. *Plan Consummation.*

The Projections assume that the Effective Date of the Plan will be June 30, 2013.

d. *Macroeconomic and Industry Environment.*

The Projections reflect a stable economic environment and a relatively flat interest rate environment over the Projection Period.

e. *Exchange Rates.*

The following exchange rates were utilized to convert local currencies to U.S. dollars:

BHD	2.6267
EUR	1.3369
GBP	1.6106
INR	0.0112
JPY	0.0125
SGD	0.8154

3. Reorganized Arcapita Group – Consolidated Statement of Cash Flows (Unaudited)

	Year ending				
	Jun-14	Jun-15	Jun-16	Jun-17	Jun-18
USD millions	**FY '13**	**FY '14**	**FY '15**	**FY '16**	**FY '17**
Beginning cash balance	**91.0**	**33.2**	**33.4**	**21.8**	**20.0**
Proceeds from disposals	532.1	426.9	476.2	57.9	27.1
Deal funding	(42.2)	(5.7)	(2.8)	-	-
Total investment cashflows	**489.9**	**421.2**	**473.3**	**57.9**	**27.1**
Recurring income	10.9	9.4	14.6	-	-
Operating expenses	(30.6)	(25.1)	(29.6)	(8.6)	(2.5)
Total operating cash flows	**(19.8)**	**(15.8)**	**(15.0)**	**(8.6)**	**(2.5)**
Pre-financing cash flow	**470.2**	**405.5**	**458.4**	**49.4**	**24.6**
Restructuring fees and other expenses	(16.3)	(3.3)	(2.6)	(1.6)	(0.8)
Financing costs	(18.8)	(1.9)	-	-	-
Net cash flow post financing	**435.0**	**400.3**	**455.8**	**47.8**	**23.8**
Cash sweep	(492.8)	(400.1)	(467.4)	(49.6)	(43.8)
Net cash flow post sweep	**(57.8)**	**0.2**	**(11.5)**	**(1.8)**	**(20.0)**
Ending cash balance	**33.2**	**33.4**	**21.8**	**20.0**	**0.0**

a. *Proceeds from disposals.*

Proceeds from disposals include proceeds from investment exits. These proceeds are derived from assessments of each investment carried out by the Arcapita Group employees responsible for managing these investments as well as the Debtors' financial advisors. Total proceeds from investment exits are projected to be approximately $1.3 billion (net of repayment of the Repurchase Price to QIB).

b. *Deal funding.*

The Reorganized Arcapita Group is entitled, but not required, to provide its pro rata share of any working capital funding that may be required by any of the Investments. The Projections anticipate that the Reorganized Arcapita Group will fund 100% of required deal funding costs of approximately $51 million into various investments prior to exiting them in order to protect or enhance the value of the Reorganized Arcapita Group's stake. Since all of these deal fundings are expected to be made in the form of new Murabaha financings from WCFs to the Intermediate Holdcos and/or Transaction Holdcos for each affected investment, the Reorganized Arcapita Group expects to recover all of these deal fundings at the time of investment exit.

c. *Recurring income.*

Recurring income consists of cash management fees and other miscellaneous receipts. Cash-pay management fees are projected to be approximately $25 million over the Projection Period and are derived from six investments. Any earned and collectible management fees that are not paid in cash will be reflected in the "Proceeds from disposals" line item and collected upon the sale of the associated investment. Other miscellaneous receipts include administration fees of approximately $1 million derived from one investment and a related one-time performance fee of $10 million.

d. *Operating expenses.*

Operating expenses comprise three components: (i) management fees paid by the Reorganized Arcapita Group to a third-party asset manager, AIM Group Limited ("***AIM***"); (ii) incentive compensation paid to AIM; and (iii) other expenses paid directly by Reorganized Arcapita Group for personnel, services or other items which are not covered by the Management Services Agreement between Reorganized Arcapita Group and AIM.

- Management fees paid to AIM include (i) guaranteed fees of $20 million in aggregate during the initial period between the emergence date and December 2014 (the "***Initial Period***"), and (ii) contingent management fees of approximately $15.6 million based upon achievement of certain performance metrics during the same period. The specific services to be provided by AIM are articulated in Exhibit L to the Disclosure Statement. After the Initial Period, management fees will be calculated as 2% of assets under management ("***AUM***"), measured and paid on a quarterly basis. In aggregate the management fees paid subsequent to the Initial Period are estimated to be $14.1 million.
- Incentive compensation paid to AIM is estimated to be approximately $33.3 million and is earned only if investment disposition proceeds exceed their current appraised value, plus a capital charge to yield a 10% annual internal rate of return ("***IRR***"). The incentive compensation amount will equal 10% of the amount by which investment sale proceeds exceed the sum of the current appraised value and the capital charge. Seventy five percent (75%) of such incentive compensation will be paid currently as investment dispositions occur and the remaining balance will be paid once an IRR of 10% is achieved for all investments on an aggregate basis after all investment dispositions are completed.
- Certain other operating expenses are anticipated for items which are not covered by the Management Services Agreement between the Reorganized Arcapita Group and AIM. Broadly, those expenses include: (i) compensation and out-of-pocket expenses for the board of directors of the Reorganized Arcapita Group and the various Disposition Committee members; (ii) Central Bank of Bahrain regulatory fees and related expenses; (iii) Directors & Officers liability insurance and other insurance; (iv) fees for external audits of the books and records of the Reorganized Arcapita Group; (v) licensing and other fees and expenses to maintain existing corporate legal structures in the Cayman Islands and various other jurisdictions; and (vi) miscellaneous other operating costs.

e. *Restructuring fees and other expenses.*

Restructuring fees and other expenses primarily include: (i) legal and professional fees and other associated expenses related to exited deal expenses in connection with funding of transaction costs for the sale of entities without sufficient cash, dissolving legal entities, financing transactions, general corporate matters, litigation and addressing miscellaneous legal issues; (ii) separation payments of approximately $4.4 million for terminated employees; and (iii) various potential other costs and expenses associated with implementation of the plan items. A portion of these expenses may be recouped when the investment dispositions occur.

f. *Financing costs.*

Financing costs include profit on post-petition financing, including the Exit Facility and the Sukuk Facility.

4. Reorganized Arcapita Group – Projected Consolidated Balance Sheet (Unaudited)

	Month ending	Year ending				
	Jun-13	Jun-14	Jun-15	Jun-16	Jun-17	Jun-18
USD millions		**FY '13**	**FY '14**	**FY '15**	**FY '16**	**FY '17**
Cash and equivalents	91.0	33.2	33.4	21.8	20.0	-
IPP / IIP converted to investments	13.5	12.0	1.0	1.0	0.5	-
Murabaha financing	292.5	308.1	270.1	23.4	-	-
Other receivables	281.5	191.0	135.1	13.7	6.5	-
Equity investments	541.5	220.2	62.6	34.7	19.4	-
Fixed assets	13.9	13.9	13.9	13.9	13.9	13.9
Other assets	6.7	0.7	0.7	0.7	0.7	0.7
Total assets	**1,240.6**	**779.2**	**516.8**	**109.3**	**61.1**	**14.7**
Post-petition facilities						
Exit financing	345.9	49.6	-	-	-	-
QIB Lusail financing	196.5	-	-	-	-	-
Sukuk facility	550.0	550.0	318.6	-	-	-
Total accrued profit	-	66.0	-	-	-	-
Total liabilities	**1,092.4**	**665.6**	**318.6**	**-**	**-**	**-**
New Arcapita Class A Shares	810.0	810.0	810.0	682.9	633.3	589.4
Ordinary S / H equity	(661.8)	(696.4)	(611.8)	(573.5)	(572.2)	(574.7)
Total equity	**148.2**	**113.6**	**198.2**	**109.3**	**61.1**	**14.7**
Total liabilities and equity	**1,240.6**	**779.2**	**516.8**	**109.3**	**61.1**	**14.7**

a. *IPP/IIP converted to investments.*

The Investment Participation Program ("***IPP***") and Investment Incentive Program (the "***IIP***," and together with the IPP, "***IPP/IIP***") were designed to provide certain management level employees the opportunity to co-invest with the Arcapita Group in portfolio companies and obtain shares using the proceeds of loans from the Arcapita Group which are repaid over time from future employee bonus payments (with respect to the IPP) or through deferred compensation (with respect to the IIP). Pursuant to the Global Settlement, all Employees who participate in the IPP or the IIP would have the option of exchanging their "unpaid" Investment Shares for cancellation of their outstanding loan obligation (with respect to the IPP) or CLRA obligation (with respect to the IIP), provided that such Employees, if terminated, also agreed to forgo their statutory and contractual rights to notice and severance payments in return for a combined notice and severance payment capped at four months of notice and severance pay. IPP/IIP converted to investments represents the value of the "unpaid" Investment Shares that is expected to be returned by employees to the Reorganized Arcapita Group as part of the Global Settlement.

b. *Murabaha investments.*

Murabaha financings include investments made by the Debtors indirectly, through WCFs owned by AIHL, to the direct or indirect parents of portfolio companies which comprise the Debtors' Short-Term Holdings and Long-Term Holdings. These investments are owed to the WCFs that were formed solely to fund these working capital facilities for the benefit of the portfolio companies. The Reorganized Arcapita Group will receive repayments of its Murabaha investments at the time of each portfolio company monetization.

c. *Other receivables.*

Other Receivables include accrued management fees and other miscellaneous receivable amounts due from Transaction Holdcos, Syndication Companies, PNVs and/or other intermediary holding companies of acquired portfolio companies (and in certain occasions, the portfolio companies themselves). Prior to the filing of the Chapter 11 Cases, Arcapita Bank frequently paid expenses of or incurred other obligations on behalf of these companies. For example, Arcapita Bank would receive an invoice from a professional for services performed for a Transaction Holdco, Syndication Company or PNV, and would pay that invoice. The expenses or other obligations that were paid by Arcapita Bank were, in turn, reflected as receivables due from the applicable company. These amounts are owed directly to Arcapita Bank and, as a general matter, would be paid at the time of each portfolio company monetization.

d. *Equity investments.*

Equity investments include the Reorganized Arcapita Group's indirect equity interests in the operating portfolio companies. These equity interests are held as Short-Term Holdings, through AIHL, and as Long-Term Holdings, through LT Holdings.

e. *Fixed assets and other assets.*

Fixed assets comprise furniture, phones, software, motor vehicles and other miscellaneous equipment. Other assets consist primarily of goodwill from the acquisition of one investment as well as miscellaneous other assets. The \$13.9 million of fixed assets and \$0.7 million of other assets represent book values, and no monetization proceeds are expected from these assets.

f. *Post-petition facilities.*

Post-petition facilities include the following debt and equity facilities:

- Exit Facility: the Projections assume that Certain Reorganized Debtors (other than Falcon), certain New Holding Companies and/or certain other members of the Arcapita Group will enter into an Exit Facility with a cost price of approximately $350 million, the proceeds of which will be used to pay in full the Claims arising from the DIP Facility, to effectuate a take-out of the SCB Facility and to provide working capital.

- QIB Lusail Financing: The Projections assume that the Reorganized Arcapita Group will exercise its Option to repurchase the JV Shares from QIB. The QIB Lusail financing represents the $196.5 million of obligations that will be due to QIB upon the exercise of the Option (plus the $20 million Call Premium and certain Shari'ah compliance costs that are deducted from Lusail exit proceeds). This obligation is projected to be satisfied at the time of the sale of the Lusail Joint Venture.

- Sukuk Facility: As part of its reorganization, the Reorganized Arcapita Group will be issuing a new Mudaraba Sukuk facility, with a cost price of up to $550 million, at emergence to certain of its prepetition creditors. This facility will rank junior in terms of distributions to the Exit Facility and will carry a profit rate of 12.0% per annum.

- New Arcapita Class A Shares: As part of its reorganization, New Arcapita Topco will be issuing senior preference shares with a liquidation preference of $810 million at emergence to certain of its prepetition Creditors. The New Arcapita Class A Shares will not carry any profit rate and will be redeemed only after the Exit Facility and the Sukuk Facility have been fully paid off.

5. Reorganized Arcapita Group – Projected Consolidated Income Statement (Unaudited)

	Year ending				
	Jun-14	Jun-15	Jun-16	Jun-17	Jun-18
USD millions	**FY '13**	**FY '14**	**FY '15**	**FY '16**	**FY '17**
Recurring income	112.9	97.8	73.3	3.7	0.7
Capital gains / (losses)	30.7	67.2	48.9	7.8	-
Operating income	**143.6**	**165.0**	**122.3**	**11.6**	**0.7**
Total financing costs	(84.8)	(55.0)	(21.6)	-	-
Net operating income	**58.7**	**110.0**	**100.6**	**11.6**	**0.7**
Operating expenses	(30.6)	(25.1)	(29.6)	(8.6)	(2.5)
Net income before provisions, financing and restructuring fees	**28.1**	**84.8**	**71.1**	**3.0**	**(1.8)**
Provisions	(46.4)	3.1	(30.3)	0.0	0.0
Restructuring fees and other expenses	(16.3)	(3.3)	(2.6)	(1.6)	(0.8)
Dividend to Class A Preferred holders	-	-	(127.1)	(49.6)	(43.8)
Net income	**(34.6)**	**84.7**	**(88.9)**	**(48.2)**	**(46.4)**

a. *Recurring income.*

Differing from recurring income on the consolidated statement of cash flows, the recurring income included in the consolidated income statement comprises cash management fees and other miscellaneous receipts, as well as non-cash accruals of management fees and Murabaha profits.

b. *Capital gains / (losses).*

Upon emergence, equity investments are projected to be written up or down on the balance sheet to equity value implied by the "exit" midpoint enterprise value calculated by KPMG or the Debtors (as applicable) for each of the Arcapita Group's portfolio companies in instances where equity value implied by the "exit" midpoint enterprise value is greater than equity value implied by the "current" midpoint enterprise value. Upon exit, in cases where exit proceeds from equity stakes exceed the equity value on the balance sheet, a capital gain is recognized. A loss is recognized when exit proceeds from equity stakes are less than the equity value on the balance sheet.

c. *Provisions.*

Provisions occur when the value on the balance sheet for accrued pre- and post-petition Murabaha investments, management and administration fee receivables and other receivables exceed or are less than the exit cash proceeds from respective assets, necessitating a recognition of a reserve on assets or an extraordinary gain, respectively, on the consolidated income statement. For the purposes of the summary consolidated income statement shown, provisions shown are on a net basis, including recognition of both reserves and extraordinary gains.