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and Debtors in Possession

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

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IN RE:	:	Chapter 11
	:	
ARCAPITA BANK B.S.C.(c), et al.,	:	Case No. 12-11076 (SHL)
	:	
Debtors.	:	Joint Administration Requested
	:	
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**DEBTORS’ MOTION FOR ORDER EXTENDING THE TIME
TO FILE SCHEDULES AND STATEMENTS OF FINANCIAL AFFAIRS**

Arcapita Bank B.S.C.(c) (“*Arcapita*”) and certain of its subsidiaries and affiliates, as debtors and debtors in possession (collectively, the “*Debtors*” and each, a “*Debtor*”), submit this motion (the “*Motion*”) for entry of an order substantially in the form annexed hereto as *Exhibit A* pursuant to sections 105(a) and 521(a)(1)(B) of title 11 of the United States Code (the “*Bankruptcy Code*”), extending the time to file schedules and statements of financial affairs.

In support thereof, the Debtors respectfully represent:¹

¹ A description of the Debtors’ business and the reasons for filing the Chapter 11 Cases is set forth in the Declaration of Henry A. Thompson, in Support of the Debtors’ Chapter 11 Petitions and First Day Motions and in Accordance with Local Rule 1007-2, executed on March 19, 2012 (the “*Thompson Declaration*”). The facts supporting the Motion are set forth in the Thompson Declaration.

BACKGROUND

1. On March 19, 2012 (the “*Petition Date*”), each of the Debtors commenced cases (the “*Chapter 11 Cases*”) under chapter 11 of the Bankruptcy Code. The Debtors are operating their businesses and managing their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No committee has been appointed in these Chapter 11 Cases.

2. Founded in 1996, Arcapita, through its Debtor and non-Debtor subsidiaries (collectively, with Arcapita, the “*Arcapita Group*”), is a leading global manager of Shari’ah-compliant alternative investments and operates as an investment bank. Arcapita is not a domestic bank licensed in the United States, nor does it have a branch or agency in the United States as defined in section 109(b)(3)(B) of the Bankruptcy Code. Arcapita is headquartered in Bahrain and is regulated under an Islamic wholesale banking license issued by the Central Bank of Bahrain (the “*CBB*”). The Arcapita Group employs 268 people and, together with the other Debtors and their non-Debtor Subsidiaries, has offices in Atlanta, London, Hong Kong, and Singapore in addition to its Bahrain headquarters. The Arcapita Group’s principal activities include investing for its own accounts and providing investment opportunities to third-party investors in conformity with Islamic Shari’ah rules and principles. The Arcapita Group also derives revenue from managing assets for its third party investors.

3. The Arcapita Group provides investors the opportunity to co-invest with the Arcapita Group on a deal-by-deal basis across three global asset classes: real estate, infrastructure and private equity and venture capital. Typically, the Arcapita Group, through its non-Debtor subsidiaries, takes an indirect 10-20% equity stake alongside its third-party investors in non-Debtor holding companies that directly own operating portfolio companies in the United

States, Europe and the Middle East. The underlying investments made by the Arcapita Group are generally medium to long term projects that have limited value in the short term, and often require significant on-going capital funding to complete in order to realize the value of the investment.

4. The Arcapita Group has approximately \$7 billion in assets currently under management. As of the Petition Date, on a consolidated basis, the Arcapita Group owns assets valued at approximately \$3.06 billion² and has liabilities of approximately \$2.55 billion, as described in more detail in the Thompson Declaration. Approximately \$1.1 billion of the Debtors' prepetition liabilities are comprised of that certain murabaha, Shari'ah-compliant syndicated facility, issued on March 28, 2007, and maturing on March 28, 2012 (the "*Syndicated Facility*").

5. Like virtually all investment banks and private equity institutions, the Arcapita Group has been adversely impacted by the global economic downturn, and has been especially hard hit by the recent debt crisis in the Eurozone. This global recession has hampered the Arcapita Group's ability to obtain liquidity from the capital markets, and has also resulted in a reduction in asset values (and concomitant difficulties in monetizing certain of the Debtors' illiquid and complex investments held by the Debtors' affiliated portfolio companies). As a result thereof, the Debtors do not have the liquidity necessary to repay the Syndicated Facility when it comes due on March 28, 2012, thus precipitating the filing of the Chapter 11 Cases. On a more general basis, the Debtors commenced these Chapter 11 Cases to facilitate the development and implementation of a comprehensive proposal designed to enable the Debtors to

² This includes Arcapita's beneficial interest in assets under management.

(a) restructure their debts, (b) weather the current economic conditions, and (c) realize the full value of their assets over time for the benefit of the Debtors' creditors and other stakeholders.

JURISDICTION AND VENUE

6. The Court has jurisdiction to consider this Motion pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). Venue is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409.

RELIEF REQUESTED

7. By this Motion, the Debtors seek entry of an order (a) granting the Debtors a total of 45 days from the Petition Date (the "*Extension Period*") to file the Schedules and Statements (as defined below), without prejudice to the Debtors' ability to request an additional extension of time should it become necessary.

BASIS FOR RELIEF REQUESTED

A. Cause Exists to Extend the Time for Filing of the Schedules and Statements

8. Pursuant to section 521 of the Bankruptcy Code and Rule 1007(c) of the Federal Rules of Bankruptcy Procedure (the "*Bankruptcy Rules*"), each Debtor is required, within 14 days from the Petition Date (the "*Schedules Deadline*"), to file with the Court: (a) a schedule of assets and liabilities; (b) a schedule of current income and expenditures; (c) a schedule of executory contracts and unexpired leases; and (d) a statement of financial affairs (collectively, the "*Schedules and Statements*"). However, under Bankruptcy Rule 1007, the Debtors may obtain an extension of this deadline for cause.

9. The size and complexity of the Debtors' business operations, the number of creditors likely to be involved in the Chapter 11 Cases (many of whom are foreign creditors), and the international scope of the Debtors' operations will make it difficult to complete the

Schedules and Statements within the required time period. Indeed, for many creditors, the Debtors will not have received invoices within the 14-day period to determine the amounts due as of the Petition Date. Further, given the numerous critical operational matters that the Debtors' accounting and legal personnel must address in the early days of the Chapter 11 Cases and the volume of information that must be compiled and reviewed, the Debtors believe that they will be unable to complete their Schedules and Statements within the time provided under Bankruptcy Rule 1007. Although the Debtors' personnel have retained GCG, Inc. to assist them in compiling and formatting information for the Schedules and Statements if required to do so, only the Debtors' personnel have the knowledge and access necessary to provide the information necessary to prepare the required filings.

10. Accordingly, given the volume and complexity of the information that must be compiled and reviewed, in addition to the substantial burdens already imposed on the Debtors' management by the commencement of the Chapter 11 Cases, the limited number of employees available to collect the information, and the competing demands upon such employees, the Debtors submit that "cause" exists to extend the Schedules Deadline through and including May 3, 2012, which will give the Debtors a total of 45 days after the Petition Date to file the Schedules and Statements. The requested extension and waiver will enhance the accuracy of the Schedules and Statements and avoid the necessity of substantial subsequent amendments.

11. Bankruptcy courts have granted relief in other chapter 11 cases similar to the relief requested by the Debtors here. *See, e.g., In re TBS Shipping Services Inc.*, Case No. 12-22224 (RDD) (Bankr. S.D.N.Y. February 8, 2012) [Docket No. 32] (granting 60-day extension and waiving requirement to file Schedules and Statements); *In re General Maritime*

Corporation, et al., Case No. 11-15285 (MG) [Docket No. 26] (granting 30-day extension); *In re Almatris B.V., et al.*, Case No. 10-12308 (MG) [Docket No. 51] (granting 60-day extension).³

12. Based on the foregoing, the Debtors submit the relief requested is necessary and appropriate, is in the best interests of their estates and creditors, and should be granted.

NOTICE

13. No trustee, examiner, or official committee of unsecured creditors has been appointed in the Chapter 11 Cases. The Debtors have provided notice of filing of the Motion by electronic mail, facsimile and/or overnight mail to: (a) the Office of the United States Trustee for the Southern District of New York; (b) the Debtors' 50 largest unsecured creditors on a consolidated basis; (c) the Central Bank of Bahrain; and (d) the agent for the Debtors' prepetition secured and unsecured murabaha facilities. Due to the nature of the relief requested herein, the Debtors submit that no other or further notice is required.

NO PRIOR REQUEST

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

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

³ The Debtors have not annexed copies of the unreported orders cited herein because of their size. Copies of these orders, however, are available upon request of the Debtors' counsel, including at the hearing to consider the Motion.

Dated: New York, New York
March 19, 2012

Respectfully submitted,

/s/ Michael A. Rosenthal

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PROPOSED ATTORNEYS FOR THE DEBTORS
AND DEBTORS IN POSSESSION

EXHIBIT A

Proposed Order

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

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IN RE:	:	Chapter 11
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ARCAPITA BANK B.S.C.(c), et al.,	:	Case No. 12-11076 (SHL)
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**ORDER EXTENDING THE TIME TO FILE
SCHEDULES AND STATEMENTS OF FINANCIAL AFFAIRS**

Upon consideration of the motion (the “*Motion*”)¹ of Arcapita Bank B.S.C.(c) and certain of its subsidiaries and affiliates, as debtors and debtors in possession in the above-captioned Chapter 11 Cases (collectively, the “*Debtors*” and each, a “*Debtor*”), for entry of an order extending the time to file Schedules and Statements; and upon the Thompson Declaration in support thereof; and the Court having found that it has jurisdiction to consider this Motion pursuant to 28 U.S.C. §§ 157 and 1334; and the Court having found that jurisdiction and venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and the Court having found that the relief requested in the Motion is in the best interests of Debtors’ estates, their creditors, and other parties in interest; and notice of the Motion and the opportunity for a hearing on the Motion was appropriate under the particular circumstances; and the Court having reviewed the Motion and having considered the statements in support of the relief requested therein at a hearing before the Court (the “*Hearing*”); and the Court having determined that the legal and factual bases set forth in the Motion and at the Hearing establish

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

just cause for the relief granted herein; and upon all of the proceedings had before the Court; and after due deliberation and sufficient cause appearing therefor,

IT IS HEREBY ORDERED:

1. The Motion is granted to the extent set forth herein.
2. The Debtors are granted an extension of the time provided for under Federal Bankruptcy Rule 1007(c) to file the Schedules and Statements, which will provide the Debtors with a total of 45 days after the Petition Date to file the Schedules and Statements, with such date being and including May 3, 2012.
3. Entry of this Order shall be without prejudice to the Debtors' right to seek further extensions of time within which to file their Schedules and Statements or to seek other relief from the Court regarding the filing of, or waiver of the requirement to file, the Schedules and Statements.
4. This Court shall retain exclusive jurisdiction to enforce the terms of this Order.

Dated: New York, New York
_____, 2012

THE HONORABLE SEAN H. LANE
UNITED STATES BANKRUPTCY JUDGE