

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. : Jointly Administered
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: :
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**SUPPLEMENTAL DECLARATION OF JEREMY INGHAM
IN CONNECTION WITH ORDER AUTHORIZING THE DEBTORS
TO RETAIN AND EMPLOY TROWERS & HAMLINS LLP AS
BAHRAINI COUNSEL NUNC PRO TUNC TO THE PETITION DATE**

I, Jeremy Ingham, declare and state as follows:

FOUNDATION

1. I am a partner in the law firm of Trowers & Hamlins LLP ("*Trowers & Hamlins*"). I am a solicitor of the Senior Courts of England and Wales and am duly authorized to practice as such. I am authorized to submit this declaration on behalf of Trowers & Hamlins. I submit this Supplemental Declaration pursuant to section 327(e) of title 11 of the United States Code (the "*Bankruptcy Code*"), Rule 2014 of the Federal Rules of Bankruptcy Procedure (the "*Bankruptcy Rules*") and Rule 2014-1 of the Local Rules for the United States Bankruptcy Court for the Southern District of New York (the "*Local Rules*"), in connection with the Court's Order Pursuant to Sections 327(e), 330 and 331 of the Bankruptcy Code Authorizing the Debtors to Retain and Employ Trowers & Hamlins LLP as Bahraini Counsel Nunc Pro Tunc to the

Petition date [Dkt. No. 137].¹ Unless otherwise stated in this supplemental declaration (“*Supplemental Declaration*”), I have personal knowledge of the facts set forth herein.

SUPPLEMENTAL DISCLOSURE

2. In addition to Trowers & Hamlins’ disclosure of its representation of certain parties in interest in matters unrelated to the above-captioned chapter 11 cases (the “*Chapter 11 Cases*”) set forth in my prior declaration and without limiting such disclosure, I hereby disclose that Trowers & Hamlins has advised the Social Insurance Organisation (Pensions) (“*SIO*”) of Bahrain since 2006.

3. Specifically, Trowers & Hamlins acted for SIO in relation to a matter involving Arcapita in respect of SIO’s participation in the US\$ 400 million sale and leaseback of the Arcapita headquarters building in Bahrain Bay, Kingdom of Bahrain and any improvements constructed or to be constructed on the undeveloped land owned by AHQ Holding Company W.L.L. (“*AHQ*”) in 2010 (the “*HQ Transaction*”). SIO’s role in the HQ Transaction was that of an investor in 25% of the shareholding in AHQ Cayman Holdings Limited, in the amount of US\$ 100 million. AHQ Cayman Holdings Limited being the majority shareholder of AHQ. SIO also acquired blocking rights in respect of several matters in relation to the management of AHQ.

4. Trowers & Hamlins advised SIO in relation to its role in the HQ Transaction. Arcapita had knowledge of and consented to Trowers & Hamlins’ acting for SIO on

¹ Capitalized terms used but not defined herein have the meanings ascribed to such terms in the *Debtors’ Application Pursuant to Sections 327(e) and 328 of the Bankruptcy Code for an Order Authorizing the Debtors to Retain and Employ Trowers & Hamlins LLP as Bahraini Counsel Nunc Pro Tunc to the Petition Date* [Docket No. 46] (the “*Application*”) or in my *Declaration of Jeremy Ingham in Support of Debtors’ Application Pursuant to Sections 327(e) and 328 of the Bankruptcy Code for an Order Authorizing the Debtors to Retain and Employ Trowers & Hamlins LLP as Bahraini Counsel Nunc Pro Tunc to the Petition Date*, annexed to the Application as Exhibit C (the “*Prior Declaration*”)

the HQ Transaction. Another law firm, King & Spalding, advised Arcapita on the HQ Transaction.

5. Whilst SIO is not listed as one of the Potential Parties in Interest annexed to my Prior Declaration as Schedule 1, I have become aware that SIO may have interests which are adverse to those of certain of the Debtors. I became aware of this potential conflict because Abdullah Mutawi, a Trowers & Hamlins partner based in Dubai, who advised SIO on the HQ Transaction, was asked, in May 2012, to advise SIO in relation to the documents previously prepared in respect of the HQ Transaction. Trowers & Hamlins provided advice in respect of these documents, giving SIO a summary of its rights and obligations under the same and an overview of the options available to SIO. Trowers & Hamlins was then asked to provide more detailed advice in respect of SIO's remedies under the HQ Transaction documentation in respect of Arcapita's financial predicament. Trowers & Hamlins has declined to act for SIO as this would result in a potential conflict, both with Arcapita's interests and those of certain Debtors in respect of the Chapter 11 Cases.

6. SIO was not included in the list of Interested Parties. Our automated conflicts check was raised against the parties in that list. The "Social Insurance Organisation (GOSI)" ("*GOSI*") was described in the list of interested parties as one of Arcapita's largest "customers" not "creditors". However, our automated conflicts check did not pick up any reference to 'social insurance organisation', as a derivative of GOSI, due to discrepancies between the spelling on the list of interested parties provided by Gibson Dunn and our system's spelling of its name. The discrepancy is with a "z" or "s" in organisation and as a result, an automatic conflict wasn't raised.

7. Through our firm-wide conflict check at the time of making the

declaration, there was discussion internally as to whether we needed to make a disclosure in relation to GOSI, from which organisation SIO derives (SIO invests the funds collected through GOSI). However, as GOSI is not a client of Trowers & Hamlins this would not have been necessary or appropriate. We believed that GOSI's relationship with Arcapita related purely to collection of social insurance and making of deposits with Arcapita, whereas SIO is a state pension fund, who we acted for in relation to the Arcapita HQ transaction (with Arcapita's knowledge and consent and with another law firm acting for Arcapita). I confirm that no harm to any of the Debtors has resulted from the false negative arising from the conflicts check or the decision not to make a disclosure in relation to GOSI.

8. Since becoming aware of the potential conflict, we have not advised Arcapita on the HQ transaction or the lease. Trowers & Hamlins will not represent any of the Debtors directly with respect to issues arising from the HQ Transaction. Representation of the Debtors to date in the Chapter 11 Cases in connection with the Arcapita headquarters building is limited to contractor issues and advice on treatment of the transaction as a lease or financing.

9. Trowers & Hamlins represents that, to the best of its knowledge, Trowers & Hamlins knows of no other fact or situation that would represent a conflict of interest for Trowers & Hamlins with regard to the Debtors.

10. To the best of my knowledge, information and belief, Trowers & Hamlins is not employed by, and has not been employed by any entity other than the Debtors in matters related to the Chapter 11 Cases.

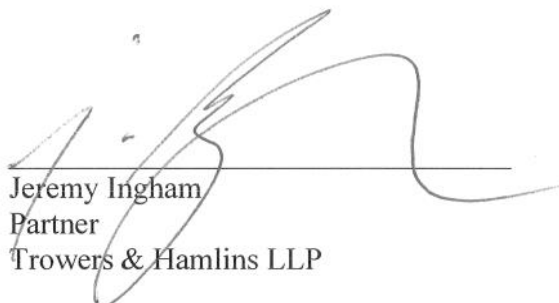
11. To the best of my knowledge, information, and belief, insofar as I have been able to ascertain after reasonable inquiry, Trowers & Hamlins has not been retained to assist any entity or person other than the Debtors on matters relating to, or in direct connection

with, the Chapter 11 Cases. Trowers & Hamlins will not accept any engagement or perform any service for any other entity in the Chapter 11 Cases.

12. Trowers & Hamlins reserves the right to further supplement this Supplemental Declaration in the event that Trowers & Hamlins discovers any facts bearing on matters described in this Supplemental Declaration regarding Trowers & Hamlins' employment by the Debtors.

Pursuant to section 1746 of title 28 of the United States Code, I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct to the best of my knowledge, information, and belief.

Dated: Manama, Bahrain
September 5 2012



Jeremy Ingham
Partner
Trowers & Hamlins LLP