

**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)**  
:  
**Debtors.** : **Jointly Administered**  
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**SECOND INTERIM ORDER (A) AUTHORIZING DEBTORS TO  
(I) CONTINUE USE OF EXISTING CASH MANAGEMENT SYSTEM,  
BANK ACCOUNTS AND BUSINESS FORMS AND (II) CONTINUE  
ORDINARY COURSE INTERCOMPANY TRANSACTIONS; AND  
(B) GRANTING AN EXTENSION OF THE TIME TO COMPLY WITH  
THE REQUIREMENTS OF SECTION 345(b) OF THE BANKRUPTCY CODE**

Upon consideration of the motion (the "**Motion**")<sup>1</sup> 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 interim and final orders (a) authorizing the Debtors to (i) continue using their Cash Management System, Bank Accounts, and business forms and (ii) continue Intercompany Transactions in the ordinary course of business; and (b) granting an extension of time to comply with the requirements of section 345(b) of the Bankruptcy Code, all as set forth in the Motion; 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 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 the Debtors' estates, their creditors, and other parties in interest; and notice of the Motion and the

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

opportunity for a hearing on the Motion was appropriate under the particular circumstances; and an initial hearing having been held on March 21, 2012 (the “**First Interim Hearing**”) to consider the relief requested in the Motion on an interim basis; and the Court having entered an interim order granting the relief requested in the Motion on an interim basis and scheduling a hearing for the Motion on March 29, 2012 [Docket No. 22] (the “**First Interim Order**”); and the Debtors having filed the *Notice of Filing of Budget to Debtors’ Motion for Interim and Final Order (A) Authorizing Debtors to (I) Continue Existing Cash Management System, Bank Accounts, and Business Forms and (II) Continue Ordinary Course Intercompany Transactions; and (B) Granting an Extension of Time to Comply with the Requirements of Section 345(b) of the Bankruptcy Code* [Docket No. 31] in accordance with the First Interim Order; and a second hearing on the Motion having been held on March 29, 2012 (the “**Second Interim Hearing**” and, together with the First Interim Hearing, the “**Hearings**”); and the Court having determined that the legal and factual bases set forth in the Motion and at the Hearings establish 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 on a further interim basis ***based upon the representations made by the Debtors at the Second Interim Hearing.***
2. The Debtors are authorized to maintain and use the Cash Management System as described in the Motion.
3. The Debtors are authorized to: (a) continue to use, with the same account numbers, the Bank Accounts in existence on the Petition Date, including, without limitation,

those accounts identified on *Exhibit A* to the First Interim Order; (b) treat the Bank Accounts for all purposes as accounts of the Debtors as debtors in possession; and (c) use their existing Business Forms and are not required to obtain new Business Forms, but shall, to the extent practicable, print the legend “debtor in possession” on such existing Business Forms and, furthermore, as soon as reasonably practicable, the Debtors shall print the legend “debtor in possession” on any newly printed or newly ordered Business Forms, unless such requirement is subsequently waived by further order of the Court; *provided* that for Business Forms outside of the United States, the term “debtor in possession” may be translated into the language of the local jurisdiction to identify the Debtors as debtors in possession in chapter 11 bankruptcy cases.

4. Except as otherwise provided in this Order, the Banks are authorized to continue to service and administer the Bank Accounts as accounts of the Debtors as debtors in possession, without interruption and in the ordinary course, and to receive, process, honor, and pay any and all checks, drafts, wires, and automated clearing house transfers issued and drawn on the Bank Accounts after the Petition Date by the holders or makers thereof, as the case may be.

5. The Banks are authorized to debit the Bank Accounts in the ordinary course of business without need for further order of the Court on account of: (a) all checks drawn on the Bank Accounts that are cashed at such Banks' counters or exchanged for cashier's checks by the payees thereof prior to the Petition Date; (b) all checks or other items deposited in one of the Bank Accounts with such Banks prior to the Petition Date that have been dishonored or returned unpaid for any reason, together with any fees and costs in connection therewith, to the same extent the Debtors were responsible for such items prior to the Petition Date; and (c) all undisputed prepetition amounts outstanding as of the date hereof, if any, owed to any Bank as service charges for the maintenance of the Cash Management System.

6. Notwithstanding any other provision of this Order, no Bank that honors a prepetition check or other item drawn on any account that is the subject of this Order (a) in the good-faith belief that the Court has authorized such prepetition check or item to be honored, or (b) as the result of an innocent mistake made despite implementation of reasonable item handling procedures, shall be deemed to be liable to the Debtors or their estates or otherwise in violation of this Order.

7. The Banks are authorized to charge, and the Debtors are authorized to pay, honor, or allow the Bank Fees, and charge-back returned items to the Bank Accounts in the ordinary course of business.

8. The Debtors are authorized to open any new bank accounts or close any existing Bank Accounts as they may deem necessary and appropriate in their sole discretion; *provided, however*, that (i) any new account shall comply with the requirements of section 345 of the Bankruptcy Code or (ii) if the Debtors seek to open one or more accounts that do not comply, they shall consult with the U.S. Trustee regarding the reasons why the account is not compliant. All accounts opened by any of the Debtors on or after the Commencement Date at any bank shall, for purposes of this Order, be deemed a Bank Account (as if it had been listed on *Exhibit A* to the First Interim Order).

9. The Debtors are authorized to continue performing Intercompany Transactions in the ordinary course of business and to honor and pay obligations in connection with the Intercompany Transactions in accordance with the budget *agreed upon by the interested parties* (the “*Budget*”) attached hereto as *Exhibit A*.

10. *The Debtors are not authorized or directed to pay line item number 6, titled “Other,” under the heading “Outflows” in the Budget, unless the Court approves such payment based upon a separate motion requesting adequate protection.*

11. The Banks are authorized to pay obligations in accordance with this or any separate order of the Court.

12. Except as otherwise provided in this Order or in a separate order of the Court, the Banks shall not honor or pay any bank payments drawn on the listed Bank Accounts or otherwise issued prior to the Petition Date.

13. The Debtors are authorized to take all actions necessary to effectuate the relief granted pursuant to this Order in accordance with the Motion.

14. Within three (3) business days of entry of this Order, the Debtors shall serve a copy of this Order on the Banks.

15. Notwithstanding Bankruptcy Rules 6003 and 6004(h), the terms and conditions of this Order shall be immediately effective and enforceable upon its entry by this Court.

16. The notice requirements set forth in Bankruptcy Rule 6004(a) are hereby waived.

17. A final hearing shall be held on April 17, 2012 at 11:00 a.m. prevailing Eastern Time, *with any objections due to be filed by April 11, 2012 at 4:00 p.m. Eastern Time, and any replies to be filed by April 16, 2012 at 12:00 noon Eastern Time.*

18. This Court shall retain jurisdiction with respect to all matters arising from or related to the implementation of this Order.

Dated: New York, New York  
**April 6, 2012**

*/s/ Sean H. Lane*  
HONORABLE SEAN H. LANE  
UNITED STATES BANKRUPTCY JUDGE

# Exhibit A

**Arcapita 4 Week Budget**

As of: 3/27/2012

		Week:					
		Actual	1	2	3	4	Forecast
		18-Mar	25-Mar	1-Apr	8-Apr	15-Apr	Total
<b>Inflows</b>							
1	Proceeds from Exits	\$ 3.0	\$ 2.9	\$ -	\$ -	\$ -	\$ 5.9
2	Management Fees	-	0.1	2.4	2.9	0.2	5.6
3	Yield from Deal Companies	-	0.2	-	-	-	0.2
4	Other	0.1	0.5	-	-	-	0.6
<b>Total Inflows</b>		<b>\$ 3.1</b>	<b>\$ 3.6</b>	<b>\$ 2.4</b>	<b>\$ 2.9</b>	<b>\$ 0.2</b>	<b>\$ 12.2</b>
<b>Outflows</b>							
Operating and financing costs							
	G&A Expenses	\$ -	\$ (0.7)	\$ (0.4)	\$ (0.1)	\$ (0.4)	\$ (1.6)
	Staff Expenses	-	(0.2)	(0.1)	(0.5)	(1.4)	(2.2)
5	Critical/Foreign Vendors / Prepetition Wages, Salaries and Other	-	(0.8)	(0.8)	(0.8)	(0.8)	(3.0)
6	Other	-	(0.2)	-	-	-	(0.2)
7	Funding of AIHL provisional liquidation	-	(1.0)	-	-	-	(1.0)
<b>Total Operating and financing costs</b>		<b>\$ -</b>	<b>\$ (2.9)</b>	<b>\$ (1.2)</b>	<b>\$ (1.3)</b>	<b>\$ (2.5)</b>	<b>\$ (8.0)</b>
Deal Funding							
8	Arcapita Int'l Luxury Residential Dev I (Castello)	\$ -	\$ -	\$ -	\$ -	\$ (0.4)	\$ (0.4)
9	Arcapita Int'l Luxury Residential Dev I (Aspen Valley Ranch)	-	-	-	-	(0.3)	(0.3)
10	Arcapita European Industrial Development II	-	-	(2.0)	-	-	(2.0)
11	Arcapita GCC Utilities Development I	-	-	-	-	(1.1)	(1.1)
12	Falcon Gas Storage Company, Inc.	-	(0.1)	-	-	-	(0.1)
13	Arcapita Ventures	-	-	-	(0.9)	-	(0.9)
<b>Total Deal Funding</b>		<b>\$ -</b>	<b>\$ (0.1)</b>	<b>\$ (2.0)</b>	<b>\$ (0.9)</b>	<b>\$ (1.8)</b>	<b>\$ (4.8)</b>
<b>Total Outflows</b>		<b>\$ -</b>	<b>\$ (3.0)</b>	<b>\$ (3.2)</b>	<b>\$ (2.2)</b>	<b>\$ (4.3)</b>	<b>\$ (12.7)</b>
<b>Net Cash Inflow/(Outflow)</b>		<b>\$ 3.1</b>	<b>\$ 0.7</b>	<b>\$ (0.8)</b>	<b>\$ 0.7</b>	<b>\$ (4.1)</b>	<b>\$ (0.5)</b>
<b>Cumulative Net Cash Inflow (Outflow)</b>		<b>\$ 3.1</b>	<b>\$ 3.7</b>	<b>\$ 2.9</b>	<b>\$ 3.6</b>	<b>\$ (0.5)</b>	<b>\$ (0.5)</b>

Comment:

Amounts presented above reflect cash in- and outflows between filing date through April 17, and do not present accrual accounting in accordance US-GAAP

Notes:

- [1] Includes \$5.9 MM from the sale by non-subsidiary of a condominiums at the Elysian project.
- [2] Management fees represent recurring fees earned by Non-Debtor subsidiaries for rendering management and administrative services.
- [3] Yield from Deal Companies represent yield and dividends received by Non-Debtor subsidiaries on investments in Arcapita UK Senior Living I.
- [4] Includes amounts refunded by the payroll administrator for duplicate payroll wire transfer.
- [5] Per the Critical and Foreign Vendors motion and the Prepetition Wages, Salaries and Reimbursable Employee Expenses motion.
- [6] Adequate protection payment on secured SCB bank.
- [7] Estimated professional costs related to the AIHL provisional liquidation.
- [8] Contractual amounts per terms of loan restructuring agreement with existing lenders. Non-payment would trigger default under financing documents and would allow the lenders to accelerate and foreclose on the property.
- [9] Non-payment would trigger default under financing documents and would allow the lenders to accelerate and foreclose on the property.
- [10] Contractual requirement to fund on a monthly basis. Damages would result from breach.
- [11] Contractual requirement to fund under the (i) EPC contracts signed with contractors and (ii) concession agreements signed with the master developers. Non-payment would likely cause work stoppage and would put at risk the entire capital invested to date in the project.
- [12] Represents settlement of certain litigation related to 2010 Falcon transaction, if funding request not met could lead to Company incurring further litigation and additional legal expenses and risk of larger claim against assets of Falcon.