

Arc Capital and Income Plc - in Administration ("the Company")

Information for Investors as at 26 January 2010

Client Monies - Income and Maturity Payments due to the Company after the date of Administration (26 October 2009) and prior to the date that the business was transferred to Merchant Capital (20 November 2009)

As previously advised, the Court has directed that any client monies (income payments and/or maturities) due to the Company after the date of Administration but before the transfer of the business to Merchant Capital will be distributed to investors by the Administrators, after deducting the Administrators' specific costs in dealing with these funds.

These monies are held in a client account under the control of the Joint Administrators.

However, due to certain technicalities we require further directions from the Court before we can make the payments due. Based on current information, we expect to be in a position to commence making payments to investors by the middle of March. We anticipate at this stage that payments will be made by cheque.

We intend to write to all affected investors as soon as possible with a view to confirming details of the investment(s) held and the payees' details.

Note:

If you are due monies that were held by the Company prior to the date of Administration, these funds will be distributed by Merchant Capital. Our advisory noted dated 18 January 2010 provides further information.

Income and Maturity payments that were triggered after 20 November 2009, the date the business was transferred to Merchant Capital, will be paid to you by Merchant Capital.

Further information can also be obtained from Merchant Capital's website: www.merchant-capital.com

Please continue to monitor this website for further updates.