

Thursday 11 December 2008

Companies Announcement Office  
Australian Stock Exchange Limited  
20 Bridge Street  
SYDNEY NSW 2000

**By e-lodgement**

Dear Sir/Madam

### **ACQUISITION OF HORTICULTURAL PROPERTY NO.7**

The Board of the ARK Fund Limited (**ARK**) is pleased to provide further information in relation to the horticultural property purchased by ARK in the last quarter of the 2008 tax year and which was referred to in ARK's Appendix 4C released to the market on 31 July 2008 (**Horticultural Property No.7**).

Horticultural Property No.7 is comprised of 61.58 hectares of land near Mareeba in Queensland and was acquired by ARK for the purchase price of \$1,918,000. ARK drew down on its debt facility with NAB in order to complete the purchase of Horticultural Property No.7. The purchase was made therefore with 100% debt capital.

Simultaneous with its acquisition, ARK leased out Horticultural Property No.7 for an initial term of 20 years to Rewards Projects Ltd. ARK incurred transaction costs of approximately 4% as a result of acquiring Horticultural Property No.7. The rent being paid is \$228,635 plus GST per annum. This equates to an income yield of 11.46%. The rent automatically rises each year by the greater of 2.8% or the consumer price index (CPI) for the 12 month period that has just passed. This rent increase occurs each year during this 20 year lease period.

Horticultural Property No.7 is comprised of two (2) certificates of title with a fence to fence area of 61.58 Ha. Other pertinent points to note regarding Horticultural Property No.7 are:

- Horticultural Property No.7 is one of the leading mango farms in Australia consistently providing some of the best mangoes sold to Coles and Woolworths in Australia each season.
- Embedded into the operational section of Horticultural Property No.7 is a vapour heat treatment (VHT) owned and operated by Diamond Star, a Japanese company which is the largest mango player in Japan. This VHT plant is the only viable and operational VHT plant in Australia and permits the treatment and subsequent air freighted export of mangoes to Japan – a highly lucrative mango export destination.

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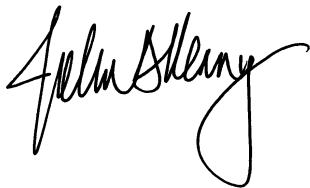
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- In light of the above 2 factors, Horticultural Property No.7 is regarded as an outstanding horticultural property and can be described as a 'privileged asset'.
- Horticultural Property No.7 is located in the Mareeba-Dimbulah irrigation area approximately 25 Km south-west of Mareeba in far north Queensland.
- Surrounding development is of mixed farming and horticultural uses broken by areas of rugged mountain. A diverse range of commodities are grown in the area supported by a tropical climate and irrigation from the Walsh River.
- Horticultural Property No.7 is only 65 Km south-west of Cairns and is situated nearby the gateway town of Mareeba, which has a local shopping centre, State primary and high schools, a TAFE, college and local recreation reserve.
- Located on Horticultural Property No.7 is a 3 bedroom house, workers barracks, substantial packing shed and coldroom, storage shed, lime packing shed and chemical shed. The substantial packing shed packs fruits off the farm and also contract packs for a number of other producers in the area and has embedded within its operational area the VHT plant owned and operated by Diamond Star.
- Electricity, telephone and water are all connected on Horticultural Property No.7. Sewerage is via a septic tank sewerage disposal system.
- Horticultural Property No.7 is currently in full production. Horticultural Property No.7 is comprised of 5,200 mango trees and 528 Tahitian lime trees covering a farming area of 47.78 Ha. Of the balance of 13.8 Ha, a further 5 Ha has the potential to be developed into a mango orchard.
- There are 2 water licenses in place on Horticultural Property No.7 with a total allocation of 215 ML. Water is sourced from the Walsh River which is also linked to the Tinaroo Dam that provides supplemental water thus ensuring high water security.

At the end of the lease term, ARK will enjoy all right, title and interest in and to Horticultural Property No.7 to the exclusion of all others. ARK is delighted to have acquired this unique farming asset.

Yours faithfully  
**THE ARK FUND LIMITED**



**John D. Kenny**  
Chairman