

Friday 22 May 2009

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

By e-lodgement

Dear Sir/Madam

SHAREHOLDER UPDATE

The Board of the ARK Fund Limited (**ARK**) is pleased to provide the following shareholder update to ARK's shareholders.

Assets – Carrying Values

The past 18 months has been a tumultuous one for the ASX listed real estate investment trust (**REIT**) sector. During that period a substantial number of REITs have experienced significant write downs in the carrying value of their property assets. In contrast however, the unencumbered Fair Value of ARK's Investment Property as set out in the notes of its financial report at 31 December 2008 was \$56.6 million compared to a carrying value of \$53.9 million as per that financial report, representing an unencumbered Fair Market Value uplift of \$2.7 million.

Quality agricultural land with secure water supplies located outside the Murray-Darling basin is rising in value. All of ARK's assets are located outside the Murray-Darling basin.

Debt Position and Cost

ARK's gearing is now at 56.5% and its long term (10 year) debt facility with the NAB (maturing in February 2017) currently remains 100% variable (**Facility**).

The Facility currently stands at \$33,241,953. This number divided by the sum of the Facility and the Total Shareholders Equity of \$25,607,795 produces this gearing percentage of 56.5% (i.e. $\$33,241,953 / (\$33,241,953 + \$25,607,795) = 56.5\%$).

The current all up cost of the Facility is now 4.61% per annum.

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Based on Wednesday's (20 May 2009) 30 Day Bank Bill Swap (**BBSW**) rate of 3.11%, the annualised cost of the Facility is now as follows:

Cost of Facility	Annualised	Rate (% p.a.)*
Bank fees (including accrued setup costs)	\$36,500	0.11%
Weighted Average Facility fees (1% - 1.25% margin)	\$348,247	1.08%
Interest charge (30 Day BBSW + 0.3% margin)	\$1,096,758	3.41%
Total Cost of Facility	\$1,481,505	4.61%

* Based on a discounted Face Value of \$32,162,986.

As the \$33,241,953 Facility remains a 100% variable rate facility, ARK's weighted average annualised cost of this Facility is 4.61% per annum.

The Board of ARK is continuing to closely monitor interest rate movements with the intention of entering into a SWAP programme with the NAB in the near future which will in effect 'lock in' an interest rate for future years on a portion of the Facility.

The current weighted average income yield on ARK's 32 leased properties is approximately 11% per annum. This creates a 'positive carry' between this rental yield and the current annualised 4.61% cost of the debt facility with NAB of approximately 6.39% per annum before operating costs.

Rewards Group

ARK's tenant in respect of all of its 32 leased properties is Rewards Group Limited (**Rewards**). Rewards has advised ARK that it is currently well into the process of selling interests in its primary project for 2009, the Rewards Premium Timber Project 2009. Rewards has advised ARK that it currently has a record number of financial planning firms this year selling the Rewards' Premium Timber Project 2009 and an all time high level of sales prospects for Rewards for this year.

ARK has been advised by Rewards that the primary reason for these developments is the severe decline in product supply this year. In part, this is due to the removal from the investment marketplace of the two most well known and significant participants in the agricultural managed investment scheme sector in Australia, Timbercorp Limited and Great Southern Limited.

As is the custom for the agricultural managed investment sector, the month of June is the main period for receiving subscriptions. The month of June has always been Rewards' main period for receiving subscriptions and this will be the case again for subscriptions into its Premium Timber Project 2009.

Rewards has paid ARK's rent to 31 December 2008 and, while outside of normal commercial lease terms, ARK's arrangements with Rewards are for Rewards to pay all rent for the period ending 30 June 2009 by the end of June 2009.

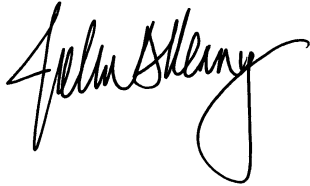
Rewards has advised ARK that its audited Net Assets at 30 June 2008 exceeded \$73 million.

Dividends

The Board intends to consider dividends for periods subsequent to the last dividend paid, being for the September quarter of 2008, in July 2009.

Yours faithfully

THE ARK FUND LIMITED

A handwritten signature in black ink, appearing to read "John D. Kenny". The signature is fluid and cursive, with a large loop at the end.

John D. Kenny
Chairman