

Friday 15 January 2010

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**) wishes to provide the following update to shareholders.

Potential merger with Rewards suspended

In its last shareholder update on 21 December 2009, ARK announced it had been approached by Rewards Group Limited (**Rewards**) with a preliminary and indicative proposal to merge the two companies.

After extensive discussion and evaluation of the proposal, the parties have decided to suspend discussions for the time being, meaning that the merger will not take place at this time.

Rewards has advised ARK that it has decided to pursue alternative routes to raising capital and remains very supportive of ARK. The parties have agreed to re-evaluate the opportunity to merge the two companies should it be considered an appropriate opportunity in the future.

Rent

ARK's tenant on all of its 32 properties is Rewards Projects Limited, a subsidiary of Rewards. ARK advised in its last shareholder update on 21 December 2009 that some rental payments due from Rewards were overdue and Rewards had undertaken to pay all outstanding rents in full by 15 February 2010, with interest.

Rewards has advised ARK that it remains of the belief it will be in a position to make all outstanding payments by 15 February 2010.

The ARK Fund Limited

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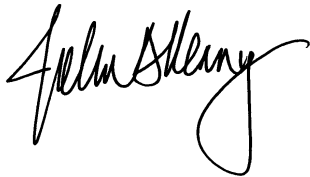
W: www.thearkfund.com.au

NAB Facility

ARK has a debt facility with National Australia Bank Limited (**NAB**) with an outstanding balance of approximately \$33 million. In its last shareholder update on 21 December 2009, ARK announced that covenants in the NAB facility had been breached and that ARK was taking certain steps to amend or rectify those covenants by 15 January 2010. NAB and ARK are continuing to work towards this objective and in the interim this deadline has been further extended to 15 February 2010. ARK will keep shareholders informed regarding the progress of this matter.

Yours faithfully

THE ARK FUND LIMITED

A handwritten signature in black ink, appearing to read 'John D. Kenny', written in a cursive style.

John D. Kenny
Chairman