

Friday 26 February 2010

Companies Announcement Office
Australian Securities 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.

Rent

ARK's tenant on all of its 32 properties is Rewards Projects Limited, a subsidiary of Rewards Group Limited (**Rewards**). ARK advised on 15 January 2010 that rental payments were overdue but that Rewards had undertaken to pay all outstanding rents and interest by 15 February 2010.

Rewards has advised ARK that it is undertaking a capital raising that will raise funds to pay the outstanding debt owed to ARK and provide Rewards with ongoing working capital. The capital raising is substantially progressed but requires further time to be completed. ARK has therefore extended the time for payment by Rewards to 15 March 2010, failing which ARK may immediately exercise all rights for the non-payment of rent under the leases.

NAB Facility

ARK has a debt facility with NAB with an outstanding balance of approximately \$33 million.

In previous shareholder updates ARK had advised that covenants in the NAB facility had been breached and that ARK was taking certain steps to amend or rectify those covenants by 15 February 2010. The agreed maximum Loan to Value Ratio ("LVR") with NAB is 66%. The LVR as calculated by NAB is presently 69%.

Rewards also has facilities with NAB.

The ARK Fund Limited
ABN 93 009 204 175

Ground Floor, 50 Colin Street
West Perth WA 6005, Australia
PO Box 803, West Perth WA 6872, Australia

T: +61 8 9324 1155 F: +61 8 9324 2155

E: ark@thearkfund.com.au

W: www.thearkfund.com.au

NAB, Rewards and ARK are in discussions regarding an extension of the facilities to allow time to complete Rewards' capital raising.

Voluntary Suspension

The Directors are of the view that the circumstances outlined above create uncertainty around ARK's financial position, pending resolution of Rewards' capital raising. The Directors have therefore requested that the Company's shares continue to be suspended from trading on ASX.

Yours faithfully

THE ARK FUND LIMITED

A handwritten signature in black ink, appearing to be 'Rowan Caren', written in a cursive style.

Rowan Caren
Company Secretary