

Tuesday 23 December 2008

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

By e-lodgement

Dear Sir/Madam

VALUATION OF SANDALWOOD PROPERTIES

The Board of the ARK Fund Limited (**ARK**) is pleased to announce that it has recently taken delivery of new sworn valuations of the 2 Sandalwood properties, both situated in the Western Australian wheat-belt region, which form part of ARK's rural property portfolio.

The sworn valuations were undertaken by an independent reputable valuation firm for the use and benefit of ARK and its bankers the NAB. The results of the valuations for Sandalwood Property No.1 and Sandalwood Property No.2 are very pleasing in light of the current economic situation in Australia and overseas and are displayed in the table below.

Property Identity	Contract Price & Date Acquired	Current Unencumbered Valuation	Contract Price / Ha	Current Valuation / Ha	% Uplift on Contract Price
Sandalwood Property No.1	\$2,027,900 - Mar 2007	\$2,370,000	\$1,730	\$2,022	16.9%
Sandalwood Property No.2	\$2,229,500 - Feb 2008	\$2,300,000	\$1,734	\$1,789	3.2%
TOTAL	\$4,257,400	\$4,670,000			9.7%

Since their acquisition, the unencumbered values of both Sandalwood Property No.1 and Sandalwood Property No.2 have **increased** by 16.9% and 3.2%, respectively. These valuations were done on the basis of ascertaining the value of the land on an unencumbered basis. No value was calculated from assessing the value of the leases in place on the two properties (by assessing the value of the rental income stream attributable to those two leases).

These sworn valuations were conducted very recently and therefore have been conducted in what can be described as one of the more unsettling economic climates to be experienced in the last 75 years. Despite these prevailing economic conditions and within the current uncertainties in global debt and equity markets, ARK is pleased to note that its 2 Sandalwood properties have not only held their value but have increased in value since their acquisition.

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Whilst many other listed and unlisted real estate investment trusts have experienced a drop in asset values (and in certain cases a precipitous drop in the carrying value of their assets) ARK has differentiated itself through its investment in rural properties (outside the Murray-Darling Basin) where quality agricultural property is in high demand and has been experiencing good growth in capital values.

Both of the properties are leased to Rewards Projects Limited for a 20 year term. The accounting policy of ARK is to account for properties at cost and to disclose the fair value of the properties as a note to the accounts. The fair value of the properties will not be the unencumbered values (but they will not be lower than these unencumbered values) but rather a discounted cash flow of the rental income stream under the leases and the terminal land values.

Sandalwood Property No.1

Sandalwood Property No.1 is located near Pingelly, Western Australia and was acquired by ARK in March 2007. It consists of seven (7) certificates of title with a fence to fence area of approximately 1,172 Ha's and is leased to Rewards Projects Limited for a term of 20 years.

The current rental of \$214,422 per annum (excl GST) is generating a yield of approximately 10%. The rent automatically rises each year by 2.8%. This rent increase occurs each year during this 20 year lease period.

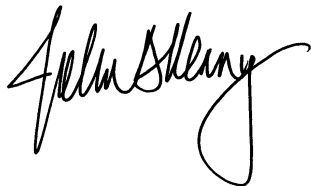
Sandalwood Property No.2

Sandalwood Property No.2 is located near Narrogin, Western Australia and was acquired by ARK in February 2008. It consists of five (5) certificates of title with a fence to fence area of approximately 1,286 Ha's and is leased to Rewards Projects Limited for a term of 20 years.

The current rental of \$265,765 per annum (excl GST) is generating a yield of approximately 11%. 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.

Yours faithfully

THE ARK FUND LIMITED



John D. Kenny
Chairman and Managing Director