

ASX / Media Release

January 18, 2008

CITY PACIFIC CLARIFIES FINANCIAL POSITION

In response to media reference today City Pacific Limited (CIY) would like to clarify its current financial position in relation to its gearing.

Company gearing as at 31 December 2007 is approximately 46% (\$102m including project specific debt) of net assets. Consolidated gearing as at 31 December 2007 is approximately 57% (\$132m including project specific debt) of net assets. The Directors consider these gearing levels to be conservative.

The City Pacific First Mortgage Fund's loans in arrears are currently at \$41 million which is down from \$95 million at 30 June 2007. The Directors consider that all principal and interest will be recovered in full in the current financial year.

CITY PACIFIC LIMITED

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