

MEDIA / ASX RELEASE

February 21, 2008

CITY PACIFIC ANNOUNCES RECORD NET HALF YEAR

PROFIT OF \$27.47 MILLION UP 13.3%

- Net half year profit \$27.47 million up 13.3% from \$24.25 million
- Sixth consecutive half year record profit
- Interim dividend 15 cents payable April 30, 2008
- Conservative gearing at 29.5% of gross assets
- Pipeline of projects and market conditions creating new opportunities
- Quality assets, specialist skills and strong business model to drive growth

Diversified financial services group City Pacific Limited (CIY) today announced a record net profit for the December 2007 half year of \$27.47 million, a rise of 13.3% on the comparable period.

Revenue for the period was \$111 million up from \$108.5 million. Earnings per share on expanded share capital for the half year was 18.14 cents down from 18.66 cents.

City Pacific CEO and Managing Director Phil Sullivan said the record half year result was a clear indication of the strength of our business model.

“It is pleasing that the strong first half result has been driven primarily by the strength of our funds management business, despite operating in the most volatile investment environment in recent years,” he said.

“Our core strategy and success is driven by our ability to fund the right developments, in the right places, where there is strong population growth. Our strength is in using the specialist skills our team provide in property investment and development.

“The Funds Management, Property and Financial Services divisions have again delivered quality results and together with a range of new initiatives will continue to deliver solid long term future growth for the company.”

Mr Sullivan said the property market in growth areas such as South East Queensland and Victoria are expected to remain buoyant. However new project opportunities are likely to become available considering recent market volatility.

■ **BRISBANE**

Level 12, 300 Queen Street
Brisbane QLD 4000
GPO Box 2456
Brisbane QLD 4001
T 07 3229 7129 F 07 3229 5796

■ **SYDNEY**

Level 12, 32 Martin Place
Sydney NSW 2000
GPO Box 969
Sydney NSW 2001
T 02 9238 0822 F 02 9238 0833

■ **MELBOURNE**

Level 7, 50 Market Street
Melbourne VIC 3000
PO Box 275, Collins Street West
Melbourne VIC 8007
T 03 9629 1777 F 03 9629 1677

■ **GOLD COAST**

City Pacific House, 2 Miami Key
Broadbeach Waters QLD 4218
PO Box 783
Pacific Fair QLD 4218
T 07 5554 0200 F 07 5575 6366

Operating Profit Breakdown	HY 07 Actual	FY 07 Actual	HY 08 Actual
Funds Management	\$20.68m	\$58.86m	\$37.44m
Property	\$13.69m (2)	\$46.79m	\$4.43m (1)
Investments	-	\$24.96m	-
Financial Services	\$0.19m	(\$1.39m)	\$1.07m
Operating (Hotels, Golf Course, Marinas)	\$2.64m	\$4.20m	\$1.33m (1)
Unallocated corporate costs	(\$2.07m)	\$3.30m	(\$5.00m) (3)
Operating Profit	\$35.13m	\$136.72m	\$39.27m
Income tax	(\$10.55m)	(\$45.24m)	(\$11.80)
Minority interests	(\$0.33m)	(\$18.27m)	- (1)
Net profit after tax	\$24.25m	\$73.21m	\$27.47m

1. Reduced property profits, operating profit and minority interests due to reduced holding and deconsolidation of CP1 Limited.
2. Includes Investment property revaluation of \$10.49m
3. Includes head office relocation, due diligence and integration expenses together with interest on corporate banking facility.

Strong Balance Sheet

At the end of the half year the group had a conservative gearing level of 29.5% of gross assets. Gross assets have increased from \$376 million* at 30 June 2007 to \$449.5 million as at 31 December 2007 after dividends of \$45.5 million were paid to shareholders during the half year.

* Excluding consolidation of City Pacific First Mortgage Fund and City Pacific Income Fund

The City Pacific group has deconsolidated the special purpose entities, City Pacific First Mortgage Fund and City Pacific Income Fund from the balance sheet, allowing greater transparency and removing approximately \$1 billion of assets and liabilities from the group accounts.

Mr Sullivan said the company had utilised its balance sheet to develop a strong pipeline of further opportunities to grow the company.

Operational Highlights

Funds Management

Total funds under management as at 31 December 2007 was \$963.5 million.

Operating profit for the division was \$37.44 million with the increase due to a higher loan book turnover.

The core fund under management, the City Pacific First Mortgage Fund, had total assets of \$1.148 billion which is invested in registered first mortgages secured by Australian real property. During the half year the Fund paid distributions of \$44.9 million to investors.

The City Pacific First Mortgage Fund has delivered consistent results for investors and shareholders by focusing on quality developments in high growth areas within the booming leisure and lifestyle sector.

To drive scale and diversification in the funds management business the company plans to launch a further two funds this year - a diversified property fund and a marina lifestyle fund.

The Marina Lifestyle Fund is expected to be launched in the coming months and will capitalise on the ever increasing demand and limited supply of marina berths in Australia.

Property

City Pacific's property development and project management division has a direct or indirect involvement in nearly \$5 billion of major leisure and lifestyle property projects in Australia and strategic relationships with industry leaders Mirvac, Grocon and Raptis Group.

The operating profit for the division for the half year was \$4.43 million.

More than 7000 lots are scheduled for development to 2015 based on current projects with the property division set to provide greater returns in the second half in line with historical performance.

Major projects including Gainsborough Greens and the Townsville Ocean Terminal and Future Development Area are set to come online and also add to the profit pipeline. The Grande Pacific independent living community group is recording strong pre sales for its Southport project.

City Pacific Ltd also has investment in several specialised ASX listed operating entities including a 30.6% holding in CP1 (ASX: CPK) and a 26.5% holding in Indigo Pacific Capital (ASX: IPA).

Martha Cove, a residential waterfront living complex comprising 92 hectares of land, an inland waterway with 900 marina berths, a commercial precinct and 1,150 home sites, has recorded strong sales during the summer season and continues to provide significant results for CP1. Martha Cove recently won the coveted Victoria UDIA Award for Excellence for a master planned development.

CP1's joint venture development of the Paradise Resort (Azzura Pacific Resort) has recorded strong pre construction sales with 80% of its first tower sold. Construction of the \$800 million project has commenced.

The refurbishment of the Gold Coast International Hotel, a 50-50 joint venture between CP1 and Raptis Group, has commenced. The joint venture has prepared a long term master plan for redevelopment of the site which has been lodged with Council for approval.

Financial Services

City Pacific's Financial Services business has traded strongly in the first half recording an operating profit of \$1.07 million up from \$193,000. At the end of the period the loan book for the division was in excess of \$4 billion.

The division will continue to drive cross selling initiatives for the group's product range to grow and diversify its market share.

MFS Financial Services

As reported City Pacific is currently conducting due diligence on certain assets within the MFS Financial Services business including the MFS Premium Income Fund. The company has no further update on this process which is expected to be completed within two weeks.

City Pacific has never had investments, exposure to or other business relationships with the MFS Group.

Outlook

Mr Sullivan said: "the recent volatility in capital markets has had no significant impact on the company's results. The quality of our assets, experience and strong business model will continue to drive our growth for the future.

"City Pacific reaffirms its previous guidance of another record full year result targeting a 10% uplift on the 2007 full year result."

CITY PACIFIC LIMITED

Phil Sullivan
Managing Director & CEO

About City Pacific Limited

City Pacific Limited commenced operations in 1997 and listed on the ASX in July 2001 (ASX: CIY), gaining entry into the ASX 200 in June 2005. City Pacific is a diversified financial services group with core business units in financial services, managed funds and property.

City Pacific is one of the largest non-bank lenders in Australia and has over \$1 billion of funds under management. In addition to this it has a residential loan book of \$3.3 billion and commercial mortgage assets under management of approximately \$800 million. City Pacific offers products that range from equipment finance and leasing to home loans, personal finance, loan securitization and property finance.

City Pacific has a range of significant property joint ventures with established industry property groups that include Mirvac Group, Raptis Group and the Indigo Group.

City Pacific is also a major shareholder in two publicly listed property companies, CP1 (ASX: CPK) and Indigo Pacific Capital (ASX: IPA), and is the recipient of dividend streams from each of the companies. Website: www.citypac.com.au

Half Year Results presentation to follow.

Investor enquiries contact:

Lee Danahay
Group Executive – Investor Relations
City Pacific Limited
(07) 5554 0200
0401 996 500

Media enquiries contact:

Greg Price
Group Executive – Corporate Affairs
City Pacific Limited
(07) 555 40216
0400 200 827