

ASX Release

March 31, 2008

City Pacific Limited and City Pacific First Mortgage Fund update

Distributions to Investors

Monthly and quarterly distributions to investors in the City Pacific First Mortgage Fund (First Mortgage Fund) and City Pacific Income Fund will be paid this week.

CBA facility (Total debt to loan book ratio 21% at February 29, 2008)

The First Mortgage Fund has commenced repayment of this banking facility. The repayment terms are aligned to the current cash flows of the First Mortgage Fund.

The Commonwealth Bank of Australia has agreed to vary the repayment terms of the schedule in respect of this facility in order that the repayment arrangements are in line with the First Mortgage Fund's in-coming cash flows from property settlements.

Settlement of The Foundry

Following the satisfaction of all conditions precedent, City Pacific Limited and the First Mortgage Fund will receive approximately \$40 million this week being the first tranche of an \$87 million settlement for part of the The Foundry development in Melbourne. Settlement on the property has been delayed several times since December 2007, with the most recent delay on March 28 last week.

City Pacific Limited and the First Mortgage Fund are lenders to the Donnelly Group for the construction of the mixed use property in Bourke Street.

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