

ASX Release

April 4, 2008

City Pacific Limited (ASX: CIY): Variation to interim dividend payment and update

Variation to Interim Dividend payment

City Pacific advises shareholders that the 15 cent per share interim dividend payment date has been amended. The company had previously advised that the payment date of the fully franked dividend would be April 30, 2008.

City Pacific had several transactions which were scheduled for completion in the first quarter of 2008 but due to the current volatility in the financial markets these settlements have been delayed. Although these transactions are not individually material to City Pacific, they collectively would have provided City Pacific with the ability to meet the interim dividend payment as previously announced.

The Directors believe it is no longer prudent to rely on the timing of the completion of these transactions in order to meet the interim dividend payment due on April 30, 2008.

Following a review of all options, the Directors late yesterday, in their monthly Board meeting, determined to stagger the payment of the interim dividend and to retain additional cash for the company's operating activities over the coming months.

By implementing the staggered payment of the interim dividend City Pacific will have sufficient funds to meet the payment schedule (stated below) from the recurrent operating activities of the company. Furthermore, with the Dividend Reinvestment Plan take up of between 35%-40% (which will include all directors fully participating), City Pacific will have sufficient funds to meet its revised interim dividend obligations.

The Directors believe shareholders would agree that it is prudent and in the best interest of shareholders and the Company to take this course of action.

The Directors stress that this is in no way an indication that future dividends will be affected.

The 15 cent dividend will now be paid in five (5) equal monthly instalments of 3 cents commencing May 30, 2008 with the final payment on September 30, 2008. The ex dividend and record dates remain as previously advised.

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The dividend reinvestment plan (DRP) will still take effect on April 30, 2008 and will apply to the full 15 cents. The shares allotted under the DRP will be at a 2% discount to the volume weighted average price over the five days following the 'ex-dividend' date and will not be subject to brokerage, commission or stamp duty costs.

Shareholders who are not yet participants are advised the DRP may be taken up to the record date of Friday April 11, 2008. As indicated all Directors will be fully participating in the DRP and encourage those interested in participating to lodge the required forms by the record date. DRP forms can be obtained at www.citypac.com.au/shareholder_centre or from Link Market Services by calling 1300 730 644.

Settlement of The Foundry

City Pacific and the City Pacific First Mortgage Fund are **lenders** to the Donnelly Group for the construction of The Foundry development in Bourke Street, Melbourne.

City Pacific and the City Pacific First Mortgage Fund have been repaid approximately \$40 million being the first tranche of an \$87 million loan settlement scheduled for repayment. The remaining tranche will be settled in October of this year in accordance with the purchase contract.

The funds received from this settlement will be utilised for the repayment of the City Pacific First Mortgage Fund's banking facility and Fund operations.

Purchase of Mariners Cove

The purchase of Mariners Cove, the mixed use and marina development on the Spit of the Gold Coast will settle today for \$49 million. The project is a joint venture between City Pacific and the Raptis Group.

Clarification of City Pacific First Mortgage Fund and City Pacific Income Fund Distributions to Investors

City Pacific confirms that the distributions paid to investors for the City Pacific First Mortgage Fund and the City Pacific Income Fund are being paid on time and are not several weeks overdue as has been reported. The Constitution of the City Pacific First Mortgage Fund allows payment of distributions to investors to be made by the 14th day of each month.

Over City Pacific's 10 year history all distribution payments to investors have been paid within this time frame.

CITY PACIFIC LIMITED

Phil Sullivan
Managing Director & CEO