

23 June 2008

The Manager  
Company Announcements  
ASX Company Announcements Office  
Sydney NSW 2000

## City Pacific Limited (ASX: CIY)

### City Pacific First Mortgage Fund reduces its Bank facility by \$50 million

The Board of City Pacific are pleased to confirm that City Pacific First Mortgage Fund (FMF/the Fund) paid \$50 million off its bank facility on Friday 20 June 2008. With this payment the Fund has reduced its bank facility from \$240 million in January down to \$130 million. The FMF's remaining debt to the bank represents a gearing level for the \$1 billion Fund of 13 percent.

As announced on Thursday 19 June 2008, the Fund received a loan repayment of \$60 million bringing the total funds repaid by borrowers to the Fund this financial year to approximately \$855 million (\$340 million since 31 December 2007). Of the \$855 million received by the Fund \$655 million was advanced to borrowers in order to complete existing projects in the usual course of their developments.

City Pacific stands behind the strength of the loan portfolio for the Fund which has historically turned over an average of 80% per annum and comprises quality projects located in areas where the property market and population growth figures remain strong.

Over the past 4 months loan repayments coming back to the Fund through the normal course of the Fund's operations have allowed for:

- the reduction of the Fund's bank facility by \$110 million to \$130 million;
- the continued payment of monthly and quarterly distributions to investors; and
- the continued funding of ongoing obligations to existing borrowers to allow for the completion of projects in order to preserve the value of the Fund.

## City Pacific Limited

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