

**ASX Release**

**30 July 2008**

**City Pacific Limited (ASX: CIY)**

**Interim dividend payment update**

City Pacific, upon consideration of its funding requirements and objective to reduce its corporate banking facility, has resolved to amalgamate the Interim dividend instalment payment dates into one final instalment payment date being 28 November 2008.

This decision will allow City Pacific to apply all available funds received through the usual operations of the company to reduce the corporate facility and to meet on going operational expenses.

On the final instalment payment date of 28 November 2008 City Pacific will pay 12 cents per share to those shareholders who elected to receive the cash payment for the interim dividend.

**Co-investment arrangement with Teak Capital Partners and a foreign institutional investor**

City Pacific as responsible entity for the First Mortgage Fund ("FMF") has executed an indicative term sheet with Teak Capital Partners and a foreign institutional investor (Investors). The Investors will co-invest approximately \$44 million in the Grande Pacific Broadwater project which is currently fully funded by the FMF.

The FMF benefits from the arrangement with the Investors as follows:

1. repayment of \$30 million back to the FMF on or before 29 August 2008; and
2. the Investors assume the \$14 million construction funding obligation for the project.

The agreement is subject to execution of satisfactory documentation and the completion of due diligence by the Investors with settlement expected on or before 29 August 2008. City Pacific is confident that the Investors will be satisfied with their due diligence and that the matter will proceed to completion as scheduled.

City Pacific as responsible entity of the FMF continues to build value by introducing and developing long-term relationships with institutional investors.

**Proposal to First Mortgage Fund Members**

Due to the requirement by City Pacific as responsible entity of the FMF to preserve the value of the FMF's assets City Pacific instituted a deferment of redemptions in early March 2008.

City Pacific recognizes that certain members of the FMF require liquidity and is working with its advisors on potential liquidity solutions for those FMF members.

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The structure of any proposed solution is expected to include an offer of preference securities in City Pacific. The offer will be accompanied by an independent expert report which will advise members of the FMF on whether the offer is fair and reasonable. FMF members will have the option to have their investment redeemed by the FMF in exchange for the preference securities.

The preference securities being offered will have certain characteristics representative of the units in the FMF, one exception being that they are intended to be tradable on the Australian Securities Exchange (subject to the required approvals) and therefore shall provide a degree of liquidity for the holder.

In order for the independent expert to complete their report and provide their advice to the FMF members they require the 30 June 2008 audited accounts. City Pacific anticipates the audited accounts will be finalised in late August 2008.

## **CITY PACIFIC LIMITED**

**Phil Sullivan**  
**Managing Director & CEO**