

CITY PACIFIC LIMITED – CHAIRMAN’S SPEECH AGM 2007

INTRODUCTION

As you are aware this is our tenth year of operation and it has been a very successful one. We posted yet another record profit of \$73.2 million and we improved our earnings per share by 9.2% to 53.12 cents. Also demand for mortgages through the City Pacific Mortgage Trust has remained strong and margins have been solid.

Behind the scenes a lot of work was also commenced on new products, new resources and strategies that should ensure that the next ten years will be as successful as our first ten years.

It is pleasing to note that our record results have been achieved in an uncertain and somewhat volatile market.

COMPANY’S BUSINESS

In the company’s Annual Report I outlined changes in how we will deliver on our strategies and today I would like to briefly provide more details.

The City Pacific Mortgage Trust drives the company's business and provides it with a high level of fee income including establishment and success fees. This business has been extremely successful because our Management Team includes very experienced finance industry professionals with a wide range of skills including funds management, property development analysis and project management. This funds management business is the engine room that has also afforded the company the opportunity to build a strong property business from relationships with experienced and successful developers that form the clientele of the Fund. These relationships and availability of funds will continue to attract a variety of property income-earning opportunities (apart from Funds Management) that are the cornerstone of the strong secondary property business that operates successfully in tandem with Funds Management.

Our strategy is to aggressively expand and diversify our Funds Management business and to make greater use than in the past of Property and Development Trusts in our property business, so that we can better facilitate our corporate objectives. We will continue to be risk averse.

Strategic purchases of land for value adding will continue to be made by City Pacific. Development of this land for sale will not be undertaken by the company itself but will be carried out by associated development or investment trusts or other entities. These entities may also acquire land direct from third parties.

We will focus both on the development of property within the Group for resale to the public and as well we will put a greater emphasis than previously on the retention of developments in investment trusts that will be managed by City Pacific to provide an annuity stream of income. City Pacific will derive a range of different fees for providing services to these development and investment entities and will hold minority equity interests in them but in the normal course of business there will be no recourse of development debt to City Pacific's Balance Sheet.

We will also continue to look for property joint ventures with proven industry leaders where there is limited recourse to City Pacific's Balance Sheet.

Finally let me re-emphasize a point made in our Annual Report that during the past twelve months City Pacific has strengthened its Balance sheet by substantially increasing its net assets to \$244 million and through measures including reducing its related party loans in accordance with a revised policy.

FUNDS UNDER MANAGEMENT

Extension of Products

The company's Funds Management business is centered in and on our four property finance trusts including the City Pacific Mortgage Trust. This year we will be launching a Marina Trust to be managed by City Pacific and by the end of the 2008 financial year your company will commence earning funds management and a variety of service fees from its investment in Grande Pacific Limited which has a 50% interest in a series of 5-star senior or independent-living resort-style communities.

We are actively seeking and evaluating suitable acquisitions of Funds Management businesses.

Re-branding of the City Pacific Mortgage Trust

As you have heard in our introductory DVD, our flagship Fund, the City Pacific Mortgage Trust is to be re-branded the “City Pacific First Mortgage Fund” to better reflect its true character; a trust fund offering strong first mortgage security. The City Pacific First Mortgage Fund has a number of established and proven risk mitigation features including lending only to borrowers with established track records and lending no more than 80% of the market valuation as assessed by an approved independent licensed property value.

Your Directors are confident that this re-branding will be positive for the Fund as well as for your company.

SHARE PRICE

Your shares in City Pacific continue to provide one of the highest dividend yields amongst all companies listed on the ASX and this confirms the belief of your Directors that there is considerable scope for up-turn in the price of our shares. Your company and its dedicated

team have delivered on their responsibility to shareholders by posting ten consecutive years of record profits and through the payment of handsome dividends but in spite of our considerable efforts and our outstanding track record in making profits we are not satisfied with our delivery in terms of share price. But let me assure shareholders that this has become a priority and your Directors and Management team will continue to work tirelessly over the next twelve months to grow shareholder wealth through improved share prices whilst continuing to deliver on record profits and high dividends.

DIVIDENDS

City Pacific paid its shareholders a dividend of 45 cents a share fully franked last year and this dividend will be maintained on the increased shareholding following our successful capital raising. The final dividend of 30 cents per share will be paid on 31 October 2007.

OUTLOOK

The fundamentals of our business continue to be strong and in the 2008 year we expect to commence another period of growth led by the new products in our funds management business, identified new property investments and income-earning opportunities, and by a strengthening of our management team through strategic appointments.

And we expect that all this will culminate in yet another record year's profit for your company and in an improved share price.

Ian Donaldson AM

Chairman