4 February 2009

The Manager
Company Announcements
ASX Company Announcements Office
Sydney NSW 2000

City Pacific Limited (ASX: CIY)

City Pacific Limited (City Pacific) and City Pacific First Mortgage Fund (Fund) clarification to media article

In response to an article in The Australian on Wednesday 4 February 2009 regarding City Pacific's and the Fund's exposure to the Raptis Group Limited (Raptis Group), City Pacific advises that neither City Pacific nor the Fund have direct loans to Raptis Group or any of its wholly owned subsidiaries.

The Fund has a loan of $17.9 million to SP Marina Pty Ltd, a joint venture company between City Pacific and a Raptis Group company. City Pacific has also provided a loan facility to the joint venture company of $25.8 million. An agreement is in place under which Raptis Group has transferred its interest in the joint venture to an alternate partner. Under this agreement both City Pacific's and the Fund's exposure to the Raptis Group will be reduced to nil in respect of SP Marina Pty Ltd.

Cira International Pty Ltd (Cira), a joint venture between CP1 Limited (CP1), a company in which City Pacific has a 30.6% shareholding, and a Raptis Group company, owns a parcel of development land in Surfers Paradise. Cira, as advised to the market by CP1 on 24 November 2008, is in receivership and the receivers are assessing offers received and are also undertaking a sales campaign in relation to the sale of this land. City Pacific has provided a loan of $25 million to Cira and upon sale of this land, City Pacific anticipates residual exposure to the Raptis Group of $10 - $12 million.

The Fund has no exposure to Cira.

City Pacific Limited

John Ellis
Managing Director / CEO