

ASX RELEASE

1 April 2009

City Pacific Limited (ASX: CIY)

City Pacific Limited agrees to reduce management fee to 2.5%

City Pacific Limited (City Pacific or the Company) as responsible entity and manager of the City Pacific First Mortgage Fund (the Fund) has convened a meeting of all Unitholders to consider a number of proposed changes to the Fund's Constitution primarily related to fees and costs.

The meeting, which was requisitioned by 128 Unitholders of the Fund, will be held on 1 May 2009.

As reported in the Australian Financial Review on Tuesday 31 March, the requisitioning Unitholders have proposed that an amendment be made to the Fund's constitution that reduces the manager's management fee from "up to 5%" of the Gross Asset Value of the Fund's assets to 1.5%.

The Board and management team of City Pacific have undertaken a detailed review of the fee structure of the Fund and costs of operating the Fund. As a result of the Company's review, the Board and the management team have determined that they are supportive of the majority of amendments proposed by Unitholders.

With respect to the proposal to reduce the management fee from "up to 5%" to 1.5% of the Gross Asset Value of the Fund's assets, City Pacific has strongly recommended to Unitholders that they do not support this amendment. However, the Board of City Pacific has resolved to amend the Constitution that reduces the management fee from "up to 5%" to 2.5%, which in the opinion of the Board will enable City Pacific to continue to sustainably manage the Fund.

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