



City Pacific Limited

ACN 079 453 955

PRESS RELEASE

29 August 2003

Expects 100 percent increase in NPAT to \$25 m in 2004

Financial services company City Pacific Limited on Friday said it expected to achieve net profit after tax of \$25 million in fiscal 2004, a 100 percent increase on last year's result.

Chief executive officer Phil Sullivan said that the group's financial services activities would contribute profit of \$18 million struck on revenue of \$33 million, a 50 percent increase on revenue of \$22 million in 2003.

The additional profit of \$7 million will come from listed subsidiary CP1 Limited as profits start to flow from its Martha Cove development in Victoria.

City Pacific now has about \$460 million funds under management invested mainly through the mortgage trust.

"Growth in funds under management is the life blood of this company and we expect to see that figure top \$750 million this financial year," he said.

"We are now seeing net funds inflow of about \$30 million per month, up from \$20 million which is tangible evidence of the success of our model.

"About 50 percent of our unit holders are repeat investors up from 30 percent a year ago and this has generated significant fund inflows for us."

Mr Sullivan said consistent above average returns offered to investors had been a key driver behind the growth in funds inflow. The cost controls employed by the company were a major factor in being able to offer its unit holders above average returns

"We can handle a substantial increase in funds under management before there is any effect on our cost structure," he said.

"We don't see our cost to revenue ratio increasing above its current level of around 20 percent."

Mr Sullivan said there was low risk in the company's loan book with investments placed with experienced developers.

"To complement our inflow of funds from repeat investors our loan book is consistently increasing with repeat borrowers who are professional developers," he said.

"This company is built on solid foundations and all operational divisions are growing consistently as we approach a more mature stage of our growth.

"CP1 should make a contribution of around \$7 million to this years consolidated NPAT result. We now expect to see our efforts and investment in CP1 starting to pay off."

Mr Sullivan said the company expected to pay a dividend of 30 cents fully franked for the 2004 financial year, a forecast yield of 8.5 percent.

BACKGROUND

City Pacific Limited is a diversified financial services company listed on the Australian Stock Exchange and trades under the security code CIY.

City Pacific earns revenue through lending margins, and a variety of fee structures charged to borrowers. The company has offices in Sydney, Melbourne, Brisbane and the Gold Coast.

City Pacific has over 50 percent of listed property developer CP1 Limited, as well as 10.19 percent of financial services company Terrain Australia Limited. City Pacific is also setting a diversified property trust which will be operational by the end of the year.

City Pacific has 61 million shares on issues and a market capitalization of about \$200 million.

For further information:

Phil Sullivan
Chief executive officer
City Pacific Ltd
07 5575 8200

For media enquiries:

Diana Taylor
Starlink Media Pty Ltd
07 3876 4433