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Press Release

CP1 Forecasts 55c dividend for the fiscal year

Property company CP1 is forecasting earnings in excess of \$1 a share for 2005-06 in the wake of a surge in interim profit and expectations of a strong second half.

The Queensland-based company has netted \$6.5 million in the December half, up from \$384,000 a year earlier.

It expects to net at least \$31 million for the full year and shareholders are set to reap the benefits – a total anticipated dividend payout of a franked 55c a share.

The first-half profit, which equates to 36c a share, is largely the result of \$24.8 million in settlements at the company's Martha Cove residential and marina project fronting Port Phillip Bay on Victoria's Mornington peninsula.

The audit committee will sign off on the half year financial report on Friday 10 March when it will be released to the market.

CP1 director, Peter Trathen, says Martha Cove sales totalling \$97 million are due to settle in the June half.

"We are on target to achieve a net full-year profit of at least \$31 million. That equates to \$1.37 a share on CP1's current issued capital.

"We regard that as a pretty commendable achievement but we believe even better is ahead for CP1 shareholders."

CP1 has previously forecast that it will net \$130 million over three years from Martha Cove.

The company, 55.2 per cent owned by listed funds manager City Pacific, has achieved its interim earnings on revenue of \$34.2 million.

A major redevelopment site at Budds Beach on the Gold Coast, purchased for \$61 million in late 2004, has contributed \$9 million of that revenue.

The whole city block includes the Paradise Resort, which has been managed by CP1 since September.

Mr Trathen says the resort made an operating profit of just over \$2 million in the December half.

He says CP1 has demolished buildings on the southern side of the site where it is in the initial stages of planning a major residential project, and hopes to set a development timetable within the next three months.

Sydney Office

Level 12
32 Martin Place
SYDNEY NSW 2000
Phone (02) 9238 0822
Fax (02) 9238 0833

GPO Box 969
Sydney NSW 2001

Brisbane Office

Level 12
300 Queen Street
Brisbane QLD 4000
Phone (07) 3229 7129
Fax (07) 3229 5796

GPO Box 2456
Brisbane QLD 4001

Gold Coast Office

Santa Cruz House
56-60 Santa Cruz Blvd
Island Quays QLD 4226
Phone (07) 5572 8500
Fax (07) 5575 6366

PO Box 7517
GCMC
Bundall QLD 9726

National Phone Number
13 47 69

Web
www.cp1.com.au

Email
cp1@citypac.com.au



Industrial lots and commercial buildings in a development at Braeside, south-east of Melbourne, will contribute to June-half earnings. A total of approximately 11 hectares of industrial land is currently being developed to purchasers' specifications on a land only or completed product basis.

The project at Braeside will also include Lake Views Estate, a 200 lot residential development.

Meanwhile, CP1 is ahead of schedule at Martha Cove in the wake of engaging a new earthworks contractor in November.

The smaller of the project's two harbours was completed and filled in October 2005, with the main harbour due for completion by April 2006, allowing direct boating access to Port Phillip Bay.

Martha Cove, which spans 92 hectares, will include up to 1150 homes and apartments, a marina, and retail and commercial components.

Mr Trathen says CP1 has averaged \$1.5 million for Martha Cove waterfront house-land packages and is achieving up to \$2,000 a square metre for land in the project's second stage.

CP1 paid a franked 10c interim dividend in December 2005.

Mr Trathen says directors anticipate a second interim dividend of 15c will be paid in May and a final dividend of 30c in October 2006.

The dividends will represent a payout ratio of 50 per cent of profits.

For further information:

Phil Sullivan
Managing Director
CP1 Limited
07 5572 8500

psullivan@citypac.com.au

Peter Trathen
Director
CP1 Limited
07 5572 8500

ptrathen@citypac.com.au