



City Pacific Limited

ACN 079 453 955

PRESS RELEASE

5 May 2004

Indigo Pacific closes IPO 60 percent oversubscribed

Indigo Pacific Capital Limited on Wednesday closed its initial public offering after strong support from retail and institutional investors including Queensland Investment Corporation who emerged as a substantial shareholder with 8.5 percent.

Indigo Pacific managing director Mitch Neilsen said the company which set out to raise \$25 million to list on the Australian Stock Exchange, had received subscriptions of \$40 million from investors.

He said Indigo Pacific would accept oversubscriptions to \$35 million, which is the maximum facility under the prospectus, with the excess \$5 million subscribed being returned to investors.

Priority was given to current investors in City Pacific Ltd, CP1 Ltd and Indigo Group associates.

"This is a definitive vote of confidence in the management credibility of Indigo and the City Pacific board with their track record of profitable growth over many years," he said.

Mr Neilsen said Queensland property developer Indigo Group joined with diversified funds manager City Pacific as cornerstone investors in the new public company which will use the IPO proceeds to provide equity for projects in the leisure and lifestyle segments of the market.

"There are markets within markets and we are aiming at a niche area which is the leisure and lifestyle end of the property market," he said.

Mr Neilsen said the population growth of SE Queensland, driven by people migrating from interstate during the last few years, was expected to continue.

"Last year SE Queensland gained 68,000 people, eclipsing the entire state of New South Wales which only gained 52,000 throughout the state," he said.

"So although the heat may have come out of Sydney and Melbourne, we believe the population influx will provide a real buffer in the state's south east."

City Pacific chief executive Phil Sullivan said while the offer was not underwritten, there had been healthy demand from both retail and institutional investors and he expected the momentum would continue.

"We are confident the demand will continue and flow through to on-market support for Indigo Pacific Capital when the company lists," he said.

"We had a very strong response from our existing shareholders in City Pacific and CP1, as well as investors in the City Pacific Mortgage Trust and we have also attracted a large portion of new shareholders.

"City Pacific considers its shareholders and mortgage trust unit holders to be its most important asset, and this is an asset that we will most certainly look after."

The IPO of 35 million shares at \$1.00 per security represents 50 percent of the company. Upon listing it will have a market capitalization of \$70 million and will trade under the security code of IPA and IPAO for the attaching options.

BACKGROUND ON CITY PACIFIC

City Pacific is a diversified financial services company listed on the Australian Stock Exchange and trading under the security code CIY and with a market capitalization of more than \$400 million. The company has \$750 million under management through two funds, the City Pacific Mortgage Trust and the City Pacific Private Fund.

City Pacific provides funding to residential, commercial and development properties in South East Queensland, New South Wales and Victoria. It earns revenue through lending margins and a variety of fee structures charged to borrowers.

City Pacific's fiscal 2004 guidance is net profit after tax of \$33 million on revenue of \$50.5 million. The company will pay shareholders a 30 cent dividend fully franked for the year.

BACKGROUND ON INDIGO GROUP

Indigo Group is one of the top 25 privately owned organizations in Queensland with diversified interests in property, hotels and technology.

Indigo's property division includes a portfolio of developments in the retail, residential, commercial and hotel sectors of the industry. Indigo has work in hand valued at around \$500 million, with projects in Brisbane, Gold Coast, Sunshine Coast and Far North Queensland.

The group is led by directors Lawrence Truce and Mitch Nielsen, whose diverse qualifications include engineering, project management, architecture and finance.

CAPITAL STRUCTURE

City Pacific Ltd	25%	\$17.5 million
Indigo Group	25%	\$17.5 million
Public	50%	\$35 million

OFFER SUMMARY

Offer	\$35 million including oversubscriptions
Options	3 for each 5 shares purchased
Issue price - Shares	\$1.00
- Options	Nil
Offer opens	14 April 2004
Offer closes	5 May 2004
Listing date	14 May, 2004 (Anticipated)
Dividend policy	75 percent of NPAT, paid half yearly
Market cap on listing	\$70 million

The offer is not underwritten

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