



PRESS RELEASE

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Indigo profit heads north with Northbank Plaza sale

Fund manager Indigo Pacific Capital Limited announced on Friday a return of approximately \$8.6 million on the sale of its investment in Brisbane CBD Northbank Plaza project. It will contribute approximately \$5.9 million to current year profits underpinning the company's 2007 financial results. The transaction is expected to complete in March 2007.

Major shareholder Indigo Group (26%) purchased the Brisbane City Council building and adjacent land for \$57 million in July 2005, with Indigo Pacific making a \$4.5 million investment in the \$300 million redevelopment.

Managing director Mitch Nielsen said, "This is a fantastic outcome for Indigo Pacific that demonstrates our ability to secure great deals ahead of the rest of the market.

"The outstanding return on our investment will underpin Indigo Pacific's results for the year to 30 June and puts us in great shape as we roll out new investments and pursue further opportunities in 2007."

Mr Nielsen said the deal to sell its stake to Indigo's joint venture partner Charter Hall Group came at an opportune time with Telstra Corporation's decision to secure a total lease over the new development.

Telstra announced on Monday its commitment to a 10-year lease over 50,000 square metres of office space at Northbank Plaza, including the existing 26,000 m² Brisbane City Council Administration building and proposed \$300 million 275 George Street office tower.

"Indigo Pacific had forecast a \$6.95 million return from this development, in addition to the \$4.5 million principal, by January 2008," Mr Nielsen said.

"We have now secured an even higher return more than a year ahead of schedule."

The Brisbane commercial market is currently one of the strongest in Australia, with a vacancy rate at a record low of below 3 percent and a 23 percent rise in average rents in the year to September.

Indigo Pacific's foresight in investing in the Brisbane CBD has now generated significant returns for shareholders, and Mr Nielsen said a strong pipeline of projects was in place for the year ahead across the gamut of residential, retail, commercial, subdivision and marina-style developments.

"On top of our current investments at Brisbane's Village Centre, Drift and Oceans Edge at Palm Cove and Victoria's Martha Cove, we have an attractive stream of investments in the pipeline," he said.

"These include investment in a 116-lot residential subdivision at Lennox Head on the New South Wales north coast.

"We are also further diversifying into industrial property with a planned investment in the Logan Mixed Industry and Business Area industrial estate, including the \$150 million Wembley Road development."

Indigo Pacific announced last Wednesday the appointment of Steve Mackay as the new managing director, effective February 1, 2007, with Mr Nielsen to remain an executive director.

"Steve has a great track record and also a direct link to one of our major shareholders, City Pacific Limited, giving Indigo Pacific access to another great source of deals as we take the company to the next level of its development," Mr Nielsen said.

"I will focus on growing our project pipeline in the year ahead, with the aim of building on the company's record of strong growth in net assets, revenues and dividends."

BACKGROUND

Indigo Pacific Capital Limited (ASX code: IPA) was formed by City Pacific Limited (ASX code: CIY) and the Indigo Group to provide debt and/or equity funding to Indigo Group property development projects, predominantly in the leisure/lifestyle market. IPA has invested in a number of projects across residential, retail, commercial, subdivision and marina-style developments.

Current projects include Village Centre, an urban renewal development at Kelvin Grove in inner-city Brisbane; Drift Apartments, a redevelopment of the Clarion Resort at Palm Cove, far north Queensland; Oceans Edge Resort at Palm Cove; and the Martha Cove marina development on Victoria's Mornington Peninsula.

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