



ASX/MEDIA RELEASE

7 February 2007

Indigo Pacific to reap rewards of booming Brisbane industrial property

Fund manager Indigo Pacific Capital Limited announced Wednesday a lending facility for the Logan Mixed Industry and Business Area (MIBA) set to return over 25 per cent a year as it diversifies into the booming Brisbane industrial property market.

The mezzanine financier's \$3.8 million facility has a three-year term with a base interest rate of 25 per cent, in addition to bonus interest. Security is by way of a registered mortgage over the properties and a registered fixed and floating charge over the development company.

Managing director Steve Mackay said the investment in the Indigo Group project was an important milestone in the company's diversification across a range of property sectors.

"South-east Queensland is the fastest-growing region in Australia and the Logan MIBA industrial land subdivision project is right in the heart of this growth.

"Indigo Pacific committed funding of \$2.5 million at settlement on January 22, with the remainder to be drawn down over the next 12 to 18 months to fund construction of this exciting project," Mr Mackay said.

Located just 15 kilometres south of the Brisbane CBD, the 20-hectare MIBA is strategically positioned between Wembley Road and the Logan Motorway, providing ready access to all major metropolitan transport corridors and infrastructure.

"The \$55 million Logan MIBA is a great addition to our current investment portfolio across the various property sectors of commercial, residential, retail, subdivision and marina," Mr Mackay said.

"The Queensland state government and Logan City Council have identified the MIBA as a major strategic investment in a region forecast to account for 30 per cent of Australia's population growth over the next 20 years."

With a combination of strong demand and limited land supply, Brisbane's industrial market is set to expand in size by a record 7.5 per cent in the 2007 financial year. Prime industrial rents also rose 13 per cent in the year to September 2006, second only to Perth, according to CB Richard Ellis.

"Along with population and housing growth, Brisbane is seeing increased interest from national logistics operators. Our partner and major shareholder Indigo Group is therefore very confident of the project's success, aiming to subdivide the land under a master development plan and sell freehold sites," Mr Mackay said.

The Queensland state government has earmarked \$66 billion of infrastructure investments in south-east Queensland through to 2026 to support the region's rapid growth. The Logan MIBA

project is set to be a major beneficiary of this spending, with the project set for development by 2011.

Mr Mackay said, "Indigo Pacific continues to benefit from its great deal flow and the Logan MIBA project is another example of this.

"We showed with our lucrative investment in Northbank Plaza that we can capitalise by investing ahead of market cycles and we see great opportunities in the Brisbane industrial property sector."

About Indigo Pacific Capital Limited

Indigo Pacific Capital Limited (ASX:IPA) was formed by City Pacific Limited (ASX:CIY) and the privately owned 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, industrial, 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; the Martha Cove marina development on Victoria's Mornington Peninsula; and the Logan MIBA industrial land subdivision near Brisbane.

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