

**ANNUAL GENERAL MEETING
INDIGO PACIFIC CAPITAL LIMITED
2 NOVEMBER 2007**

MANAGING DIRECTOR'S SPEECH

Good morning ladies and gentlemen.

Over the past several months, we have been involved in vigorous discussions about the strategic direction of your company.

These talks are ongoing and while we are not yet in a position to provide all of the details, we can share the following with you.

Indigo Pacific will continue its focus on premium investment opportunities in the property development sector, spanning the range of commercial, residential, industrial and other property markets.

In pursuing these opportunities, we will be governed by a new investment philosophy that gives a higher degree of certainty over future earnings.

I'm sure you are all aware of the recent US sub-prime mortgage crisis, which has led to a tightening of credit worldwide.

Indigo Pacific has no debt and no exposure to the sub-prime market. But changing perceptions affect everyone, and we are not immune to this.

Under our new approach, we will be seeking to lock in future returns with loans secured by the full range of the Indigo Group's projects and property, without tying them to the performance of individual projects. This means we can forecast with more confidence our profits for the years ahead.

In addition, the nature of our earnings may vary through the acquisition of commercial properties which provide recurring income as well as capital gains.

It is our long term intention to achieve a balance, whereby part of our profits are generated from property development and part from recurring income from retail, commercial and industrial property.

In short, we will be moving from a reliance on one-off transactions to a mix of property development projects and commercial property acquisitions with steady, recurring income streams.

We will also be retaining a higher level of profits. Instead of paying in excess of 90 per cent of net profits in dividends, we will move towards a 75 per cent dividend payout ratio. On current forecasts this should equate to a fully franked dividend of seven cents per share for the 2008 financial year.

By diversifying our investments and increasing retained earnings, we will work to have our share price re-rated in line with other companies in our industry. Therefore whilst there will be a decrease in the percentage of profits paid in dividends, we expect that this will be compensated for by an improvement in the share price.

As you can see from our financial figures, the 2007 financial year saw net profit after tax growth of 16 per cent, to \$4.6 million.

Net assets have grown to \$46.5 million from \$33.9 million since our listing on the ASX in May 2004, a rise of over 37 per cent.

In May this year, we paid a fully franked interim dividend of five cents per share, with the final dividend to be paid in November.

You may recall that we expected to grow the dividend by 20 per cent this year.

We have sufficient retained profits as at 30 June 2007 to pay a six cent dividend to all but our foundation shareholders, City Pacific and Indigo Group.

Both our major shareholders have expressed full confidence in the direction of the company and are pleased to show their commitment by approving a special dividend payment of six cents per share to the remainder of our over 2,300 shareholders.

I therefore encourage you to vote in favour of Resolution 4 to authorise this action on the dividend. Subject to this resolution being passed, we expect to declare a six cent fully franked special dividend to be paid on 30 November 2007.

This will bring the total dividend for the year to 11 cents per share, fully franked, a rise of 22 per cent on 2006 and a great result for investors.

Now for a quick rundown of our current investments.

As at 30 June 2007, Indigo Pacific provided financing to \$46 million of property developments, including accrued fees and interest.

Our largest current investment is at Martha Cove, a \$650 million master planned marina community on Victoria's Mornington Peninsula. We have provided \$6 million to fund the development of the Martha Cove Beachside Apartments, involving 60 waterfront apartments and 34 marina berths. These were completed in September 2007, and we expect to get our funds back during the first half of 2008.

Indigo Pacific is also providing up to \$9 million to assist the acquisition of a major land parcel at Martha Cove. The site will feature a \$100 million development, with a 233 berth marina, retail

village and 44 units. The marina portion has already been sold, earning our company a fee of over \$2 million.

The next biggest investment for Indigo Pacific is Oceans Edge, a unique master-planned resort community at Palm Cove in north Queensland. Construction is underway at this \$300 million project, which will see the development of 400 residential dwellings. In addition to the \$3.6 million already returned to Indigo Pacific, the project is forecast to return a further \$1.8 million plus principal by October 2008.

Indigo Pacific has also provided \$3.2 million of funding for Elevation, a 42-hectare residential development at Lennox Head on the north coast of New South Wales. A 116 lot subdivision is planned for the site, which is located only two hours' drive from Brisbane and just 15 minutes from the tourist mecca of Byron Bay.

In the industrial sector, Indigo Pacific announced in February 2007 a \$3.8 million facility for the Logan Mixed Industry and Business Area. The facility will return over 25 per cent a year in addition to bonus interest over the next three years. Just 15 kilometres south of the Brisbane CBD, this 20-hectare industrial land subdivision

has outstanding potential given the current boom in Brisbane industrial property.

Indigo Pacific also has a number of attractive investments in the pipeline, indicative of our great deal flow.

In another sign of our diversification, Indigo Pacific is investing in a commercial office building located at 620 Bourke Street, Melbourne. The 10 level, 5,500 square metre building is to be refurbished and repositioned.

According to market sources, Melbourne's office market produced a 14 per cent return in fiscal 2007, and with the vacancy rate at a five-year low the outlook is good for future returns.

We are also looking to invest in the Warrill View project, an Ipswich land subdivision. The area is the next key growth corridor for booming southeast Queensland, with a forecast doubling of population over the next 20 years under the South East Queensland Regional Plan. This will be supported by the over \$20 billion of state government infrastructure spending planned for the western corridor.

This project will be developed over the next 25 years, providing Indigo Pacific with an annuity-style income component complementing other interest and profit streams from shorter term projects. Industrial land values in Brisbane have hit record highs and analysts see Queensland as having more upside than any other domestic industrial property market.

Now to the outlook for your company. Our objective is to give investors strong returns and capital growth, and I believe the strategy I have outlined today will deliver both.

Australia's strong economic conditions are underpinning growth in the property market, and Indigo Pacific's diverse investments across a range of sectors will ensure we capture this growth for the benefit of shareholders.

With our solid partnerships, great project pipeline and strong investments, we anticipate another successful year in fiscal 2008.

I would like to thank you for your loyal support of Indigo Pacific and I trust you will stay with us to enjoy the future rewards.

Thank you.