

Indigo Group's loan failure could hurt CityPac

June 4th, 2009

CITY Pacific's balance sheet may face a further hit through its investment in its Indigo Pacific Capital joint venture.

The company yesterday said it was awaiting an announcement by Indigo Pacific Capital over the likelihood it may not be able to recover a loan forwarded to privately owned Brisbane developer, the Indigo Group.

Indigo Pacific Capital, in which City Pacific holds a 26.5 per cent stake, requested a voluntary suspension of its shares on Monday.

"The company is in discussions with Indigo Group regarding uncertainty surrounding the recoverability of the company's loan to the Indigo Group," it said at the time.

Indigo Pacific is expecting to clarify its position by Monday.

City Pacific yesterday said it would announce the impact on its investment in Indigo Pacific once that clarification is made.

Indigo Pacific Capital is joint venture between Indigo Group and City Pacific, providing finance to and securing joint ventures with property developers.

The Indigo Group, which is developing a \$60 million commercial and residential tower at Palm Beach, was among those developers.

City Pacific had valued Indigo Pacific at \$1.759 million at the end of December, based on a share price of 8c each. Indigo Pacific's shares last traded at 6c, while City Pacific's shares closed .3c up at 4.5c yesterday.

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