



HFA Holdings Limited
ACN 101 585 737

August 16, 2007
ASX/MEDIA ANNOUNCEMENT

HFA / LIGHTHOUSE MERGER PROGRESSING

The Board of HFA Holdings Limited (ASX: HFA) and Lighthouse Investment Partners LLC (Lighthouse) would like to update the market in relation to the continued progress towards the completion of the proposed merger transaction between the parties.

HFA has received a credit approved loan commitment from a leading bank over the last week which together with appropriate equity financing would enable it to proceed with the merger transaction. In all other respects the necessary milestones towards a merger are being completed and achieved. There have, to date, been no material impediments identified in the due diligence currently being finalised in relation to the merger.

Both Lighthouse and HFA remain absolutely committed to merging their businesses on the agreed terms and there is no intention on the part of either party to seek to renegotiate the essential terms of the proposed merger. The current volatility in both equity and credit markets has only fortified the views of all parties as to the particular long term value of the Lighthouse business model as a diversified fund of fund manager.

Whilst the final details of the merger are being consummated, both businesses will continue to work closely together as they have for the previous 8 years. The management of HFA and Lighthouse continue to believe that the outlook for the merged entity remains strong and positive and the current market volatility only goes to demonstrate and validate the Lighthouse diversified fund of hedge fund investment process. Given the current equity market volatility neither HFA nor Lighthouse has experienced abnormal net investment fund flows. Investment performance of the portfolios is within the bounds of our expectations.

HFA and Lighthouse do not consider there is any urgency to effect the merger and agree it will be effected when all of the circumstances are appropriate.

The parties have now agreed that in the circumstances of the current equity markets (and not because of any business or performance related concerns), if necessary, the entering into formal documentation to effect the merger and/or the completion date of the merger will be extended by further agreement between the parties to allow the merger to be consummated at the appropriate time.

HFA has no intention of issuing HFA equity to the market to allow the merger to proceed at or close to the current trading price for HFA shares and that Lighthouse and HFA are more than content to delay implementation of the merger until appropriate equity values in HFA are restored. The Board of HFA believe in light of the very small volume of HFA shares traded in the last two weeks that the current market price of HFA is not at all reflective of the value of the HFA business either on a stand alone basis or with the benefits of the merger with Lighthouse.

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Media Enquiries:

Paul Jensen
Managing Director
HFA Holdings Limited
Ph: (02) 8302 3333

Robert White
Company Secretary
HFA Holdings Limited
(07) 3218 6200