



HFA Holdings Limited

Operational Update and
Proposed Merger with Lighthouse
July 2007

Investor Presentation

There will be an Investor Presentation at 11am AEST today 24 July 2007
Those wishing to participate should dial in using the following numbers.

DIAL-IN NUMBERS:

Toll Numbers

+ 61-2-8214-9002

Toll Free Number (for within Australia)

1-800-505-544

LEADER: JOHN MCINTYRE

Restrictions may exist when accessing freephone / toll free numbers using a mobile telephone.

PASSCODE: 2851205

For security reasons, the passcode and the leader's name will be required to join your call.

Agenda

HFA operational update

Details of the proposed merger

Overview of Lighthouse

HFA post merger

HFA operational update



HFA operational update

Operational update

- In June 2007 HFA provided profit guidance for the year ending 30 June 2007 of at least A\$17.5 million
- HFA now expects NPAT for the year ending 30 June 2007 to be at least A\$19 million

Details of the proposed Merger



Overview of the Proposed Merger

Overview

- HFA proposes to merge with Lighthouse for a consideration of:
 - US\$348.5 million in cash
 - 134.67 million HFA shares
- Based on the current HFA share price, the acquisition price is approximately A\$707 million, representing an estimated FY08 EBITDA multiple of approximately 11x
- HFA proposes to fund the merger via a combination of debt and equity
- The merger has significant strategic benefits to both HFA and Lighthouse
- The merger is expected to result in significant earnings per share (“EPS”) accretion for HFA, particularly on a cash EPS basis

Merger Implementation Agreement

- HFA has entered into a Merger Implementation Agreement ('MIA') with Lighthouse and SunTrust Banks, Inc.
- All parties agreed to negotiate the terms of a binding Share Purchase Agreement in respect of Lighthouse by 31 August 2007
- Under the terms of the share purchase agreement, HFA will agree to acquire all (100%) of the issued shares in Lighthouse
- The MIA is subject to:-
 - Satisfactory due diligence by HFA and the Lighthouse Vendors
 - HFA Board approval
 - HFA Shareholder approval
 - Debt and equity financing
 - Lighthouse investor consents
 - Receipt of audited Lighthouse financials to 30 June 2007
 - The provision of audited HFA financials to 30 June, 2007
 - All parties agreeing board changes/additions to HFA and the Lighthouse Group of companies

Proposed funding

- 134.67 million new HFA shares to be issued to Lighthouse Management
 - Subject to escrow released as to 1/3 on each of 30 June 2008, 31 December 2008 and 30 June 2009
- US\$348.5 million in cash, funded by a combination of debt and equity
- Equity raising to occur following merger due diligence and execution of SPA
 - Expected to be post HFA FY07 results announcement in late August
- Equity raising expected to be largely via an entitlement offer
 - HFA's Largest shareholder, MFS Alternative Assets Limited, expected to take up its full entitlement

Proposed Merger timetable

24 July 2007:	Execution of the MIA by HFA, Lighthouse and SunTrust
Late August 2007:	Completion of due diligence
Late August 2007:	HFA, Lighthouse and SunTrust execute a Share Purchase Agreement
Late August 2007:	HFA equity raising announced
Late August 2007:	Notice of Meeting dispatched to Shareholders
Late Sept/Oct 2007:	HFA Shareholders' Meeting
January 2008:	Completion of merger

Financial impact

Significant accretion expected

- Significant cash EPS accretion
- Accounting EPS accretion
- Difference in cash and accounting EPS is due to:
 - Value of non-HFA customer relationships will be amortised over the life of customer relationships, resulting in a non-cash expense in the P&L
 - Tax deductibility of goodwill in the US over 15 years, resulting in a reduced tax payable, but treated as a timing difference for tax accounting purposes in Australia

Merger rationale

Stronger business model	<ul style="list-style-type: none">• Vertically integrated business, bringing investment management skills in-house• Interests of Lighthouse aligned with HFA from operational and ownership perspective
Experienced management team	<ul style="list-style-type: none">• Very experienced, stable and highly regarded team
Diversification of fee base	<ul style="list-style-type: none">• Lighthouse's revenues are comprised mainly of management fees (c.90%) (FY2007)• Quality of HFA's earnings will be increased due to a significant increase in the percentage of total revenue derived from management fees.
Exposure to strong industry growth	<ul style="list-style-type: none">• Broader exposure to expected growth in the absolute return funds sector

Merger rationale

Diversification of FUM

- Geographic and distribution channel diversification
- Approximately 65% of Lighthouse FUM sourced from non-HFA channels
- Presence in global institutional and high net worth markets

Potential to expand HFA distribution outside Australia

- Opportunity to build on HFA's success in Australia by enhancing HFA's ability to distribute products to investors in markets outside Australia

Ability to leverage new Lighthouse products

- Lighthouse has been active in new product development
- Lighthouse and HFA continue to work together on new products and investments

Overview of Lighthouse



History of Lighthouse and HFA

Lighthouse

- Spun-out of a multi-family family office (AMA) in 1999 to source external FUM
- AMA acquired by SunTrust Banks, Inc. (STI) in 2001

HFA and Lighthouse

- Investment manager for five of eight HFA funds
- HFA has exclusive right to investment advice and access to Lighthouse funds in Australia and New Zealand
- HFA first involved with Lighthouse in 1998
- Formal contractual relationship since 2000, with a new advisory and access agreement effective from HFA IPO in 2006 (10 + 5 year term)
- Benefits of relationship have included:
 - Broadening HFA's access to investment managers
 - Access to industry networks and relationships
 - Access to proprietary investment research



Lighthouse competitive advantage

Experienced management team

Confidence shown by management through their own investments in Lighthouse funds

Expertise in selection of underlying managers

Strong relationships with underlying absolute return managers

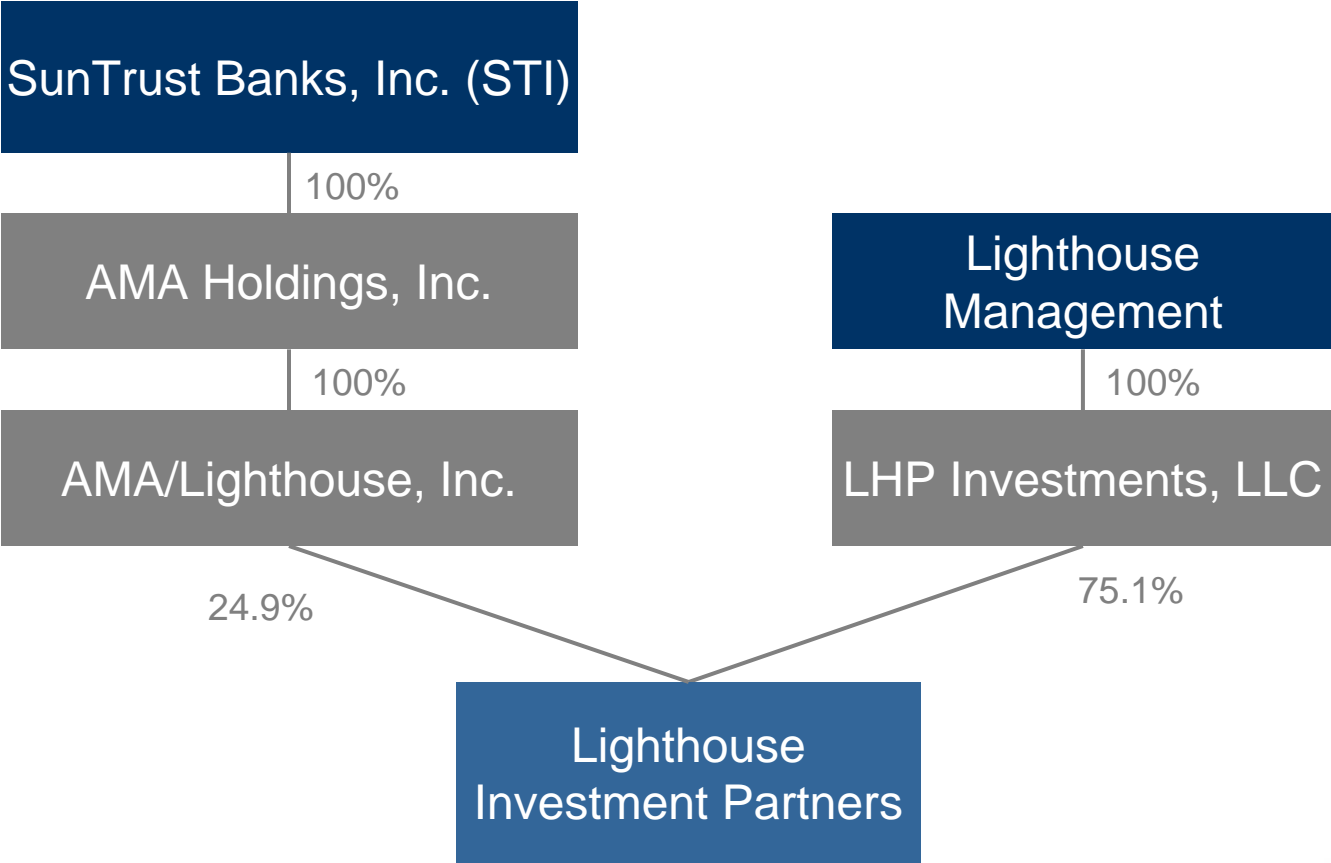
Track record of superior risk adjusted returns

Established position in the US and European markets

Geographically diversified funding base

Strong relationships with key distributors

Current Lighthouse ownership structure



Source: Lighthouse



Lighthouse product mix

A broad mix of products diversified across assets, risk profiles and geographic regions

	Investment Strategy	AUM US\$m (June 07)	% of total AUM
Lighthouse Diversified Fund	<ul style="list-style-type: none"> Absolute Return with low correlation and beta to traditional markets 	5,278	66
Lighthouse Low Volatility Fund	<ul style="list-style-type: none"> Conservative multi-strategy fund 	200	3
Lighthouse Credit Opportunities Fund	<ul style="list-style-type: none"> Single strategy fund of funds with credit related strategy 	99	1
Lighthouse Global Long/Short Fund	<ul style="list-style-type: none"> Single strategy fund of funds seeking global equity long/short opportunities 	834	10
Lighthouse V Fund	<ul style="list-style-type: none"> Diversified fund seeking LIBOR +5% for benefit plans and insurance accounts 	624	8
Lighthouse Asian Strategies Fund	<ul style="list-style-type: none"> Diversified pan-Asian fund of funds with Absolute Return objectives 	480	6
Lighthouse Aggressive Growth Fund	<ul style="list-style-type: none"> Concentrated aggressive fund focused on specialty investment strategies 	197	3
Lighthouse Managed Futures Fund	<ul style="list-style-type: none"> Fund of funds focused on multiple managed futures trading programs 	12	<1
Other	<ul style="list-style-type: none"> na 	276	2

Source: Lighthouse

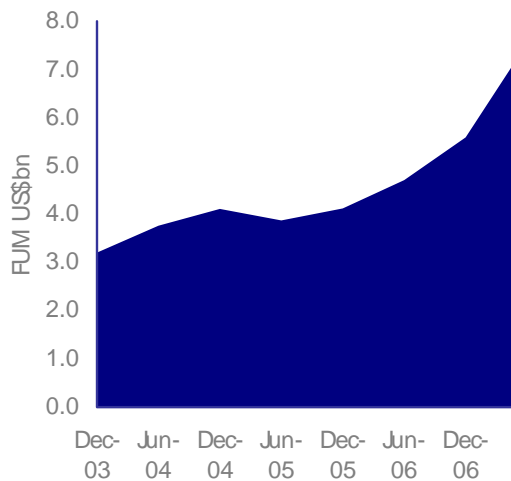
Lighthouse AUM growth

Lighthouse AUM has grown at a rate of more than 20% per annum over the past 3 ½ years

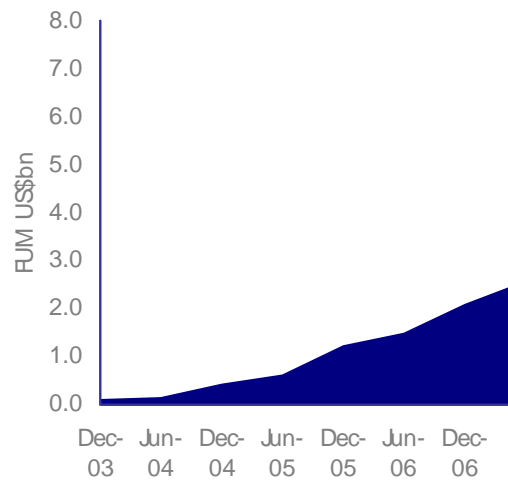
HFA has been a significant contributor to Lighthouse's growth

Net contributions of over \$1bn over the past 12 months from a diverse range of sources outside HFA

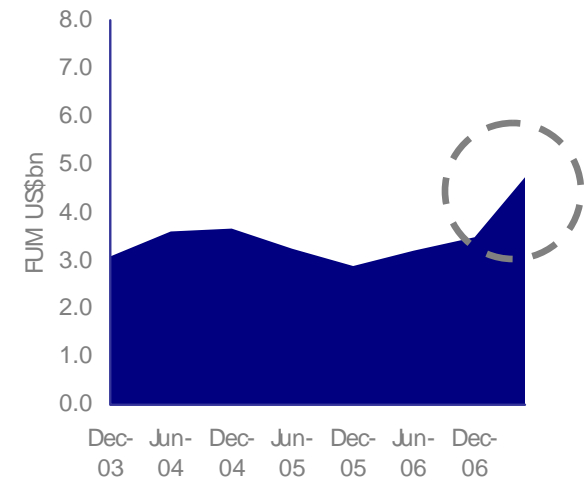
Lighthouse total AUM



HFA sourced AUM



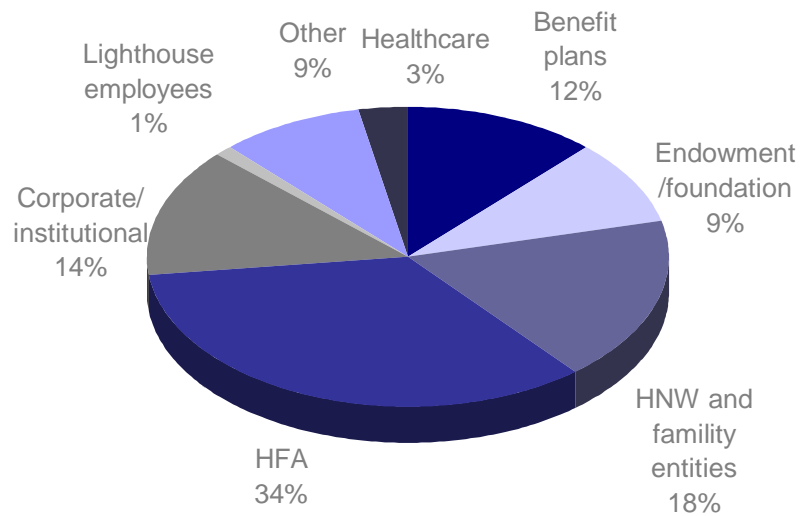
Non-HFA sourced AUM



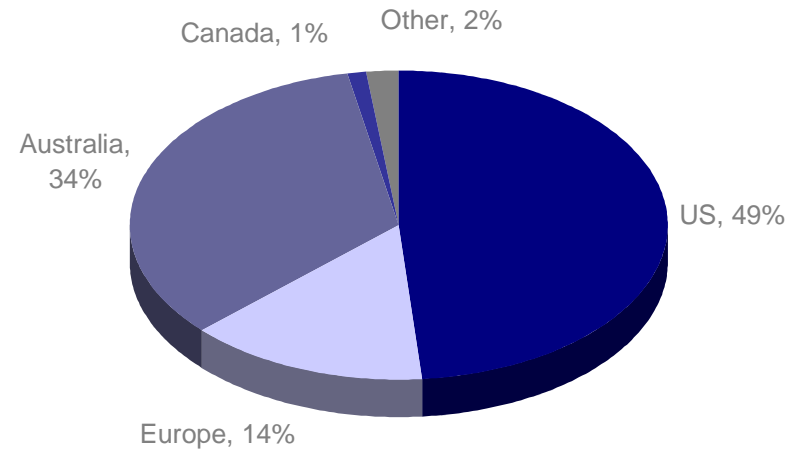
Source: Lighthouse

Lighthouse investor base

Lighthouse AUM by investor type



Lighthouse AUM by geography



Source: Lighthouse

Note: AUM as at 28 Feb 2007

Lighthouse fee structure

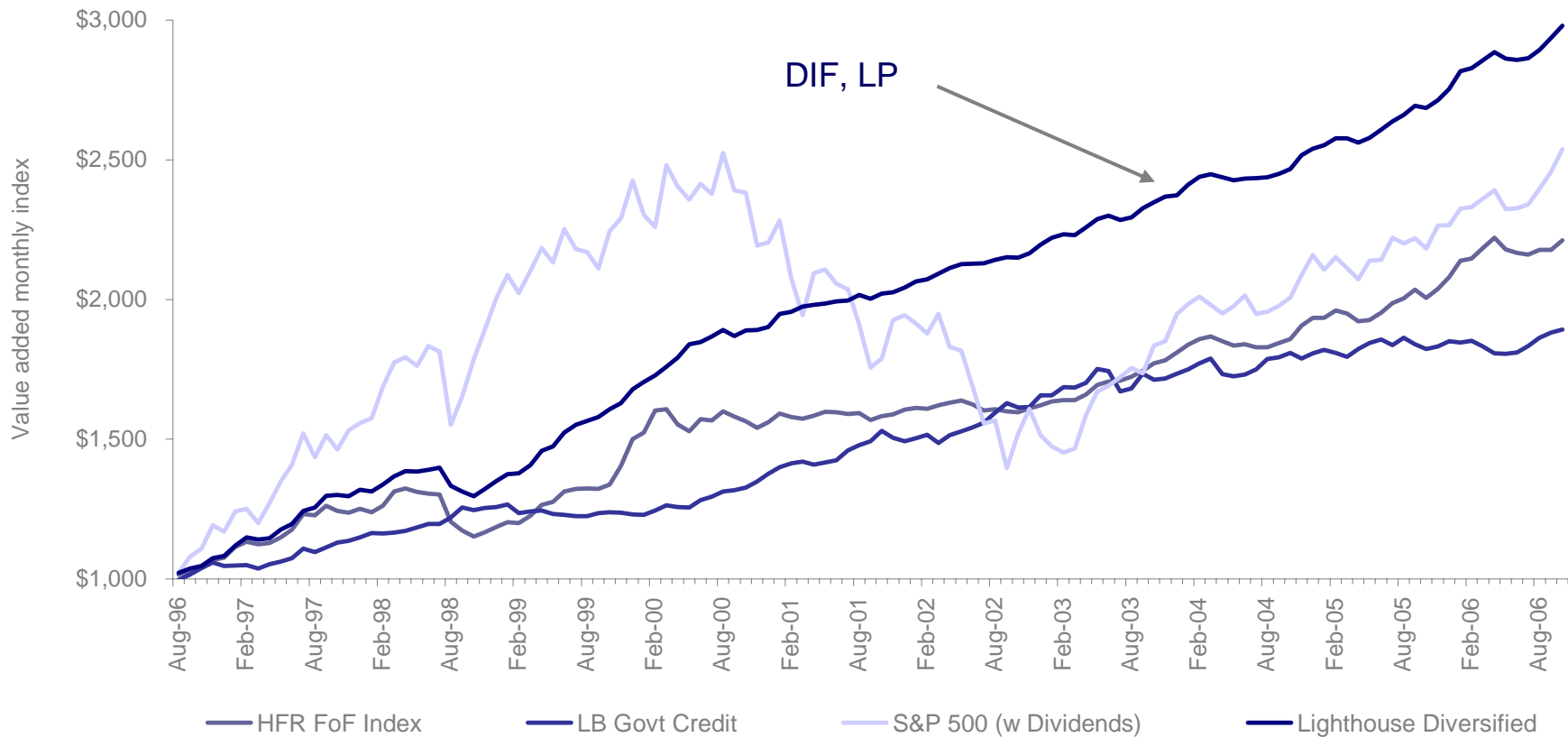
- Management fees are charged as percentage of AUM
- Performance fees are calculated as 10% of performance over specified performance benchmarks, varying depending on the fund
- Base management fees make up c.90% of Lighthouse's gross revenue

Fund	Management fee %	Performance fee %	AUM (US\$m)
Lighthouse Diversified Fund	1.0 – 1.7	-	5,122
Lighthouse Low Volatility Fund	1.0 – 1.5	-	196
Lighthouse Credit Opportunities Fund	1.0	10.0	99
Lighthouse Global Long/Short Fund	1.5	-	441
Lighthouse V Fund	0.8 – 1.5	0 - 10.0	624
Lighthouse Asian Strategies Fund	1.3	10.0	378
Lighthouse Aggressive Growth Fund	1.0 – 1.3	-	197
Lighthouse Managed Futures Fund	1.0	10.0	12
Other	1.0 – 1.8	10.0	162

Note: AUM as at 30 June 2007

Performance of Lighthouse funds

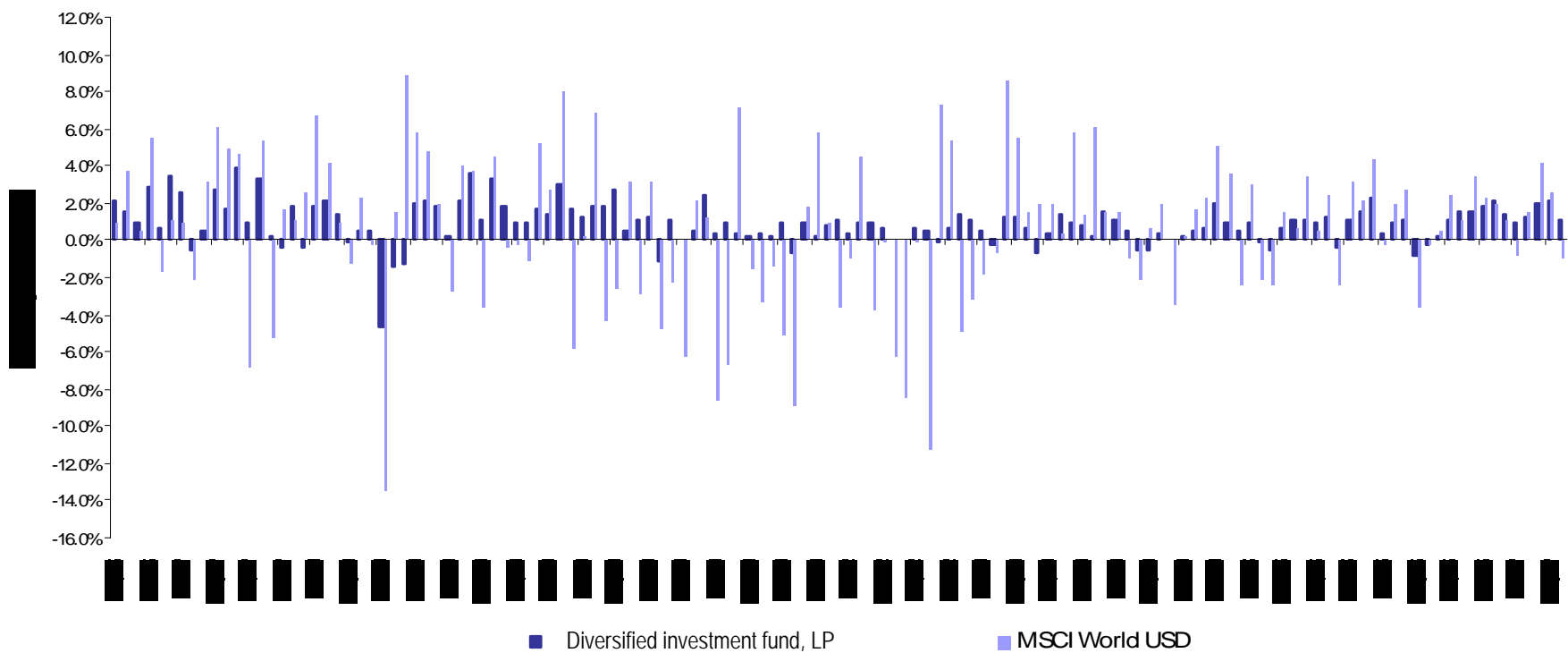
Diversified Investments Fund, LP performance versus benchmark indices



Source: Lighthouse

Performance of Lighthouse funds

Lighthouse fund performance versus MSCI world index (Aug 96-June 07)



Source: Lighthouse

Source: HFA Asset Management
Past performance is not a reliable indicator of future performance

Experienced management team

Lighthouse management team

- Long standing and very experienced management team
- Consistency of investment process and performance, which underlies fund ratings
- Management invest own funds in Lighthouse products and intend to reinvest a substantial portion of the cash consideration, net of taxes, into the products

Sean McGould
(President & CIO)

- Co-founder of Lighthouse, responsible for portfolio construction and investment research

Kelly Perkins
(MD of Investments)

- Responsible for managing investment research and process

Robert Swan
(Chief Operating Officer)

- Responsible for managing the day to day operations

Scott Perkins
(Director of Investor Relations)

- Responsible for prospective and current investors and advisors

Jack Swan
(Senior Product Manager)

- Responsible for distribution across global distribution channels

HFA post acquisition



HFA post merger

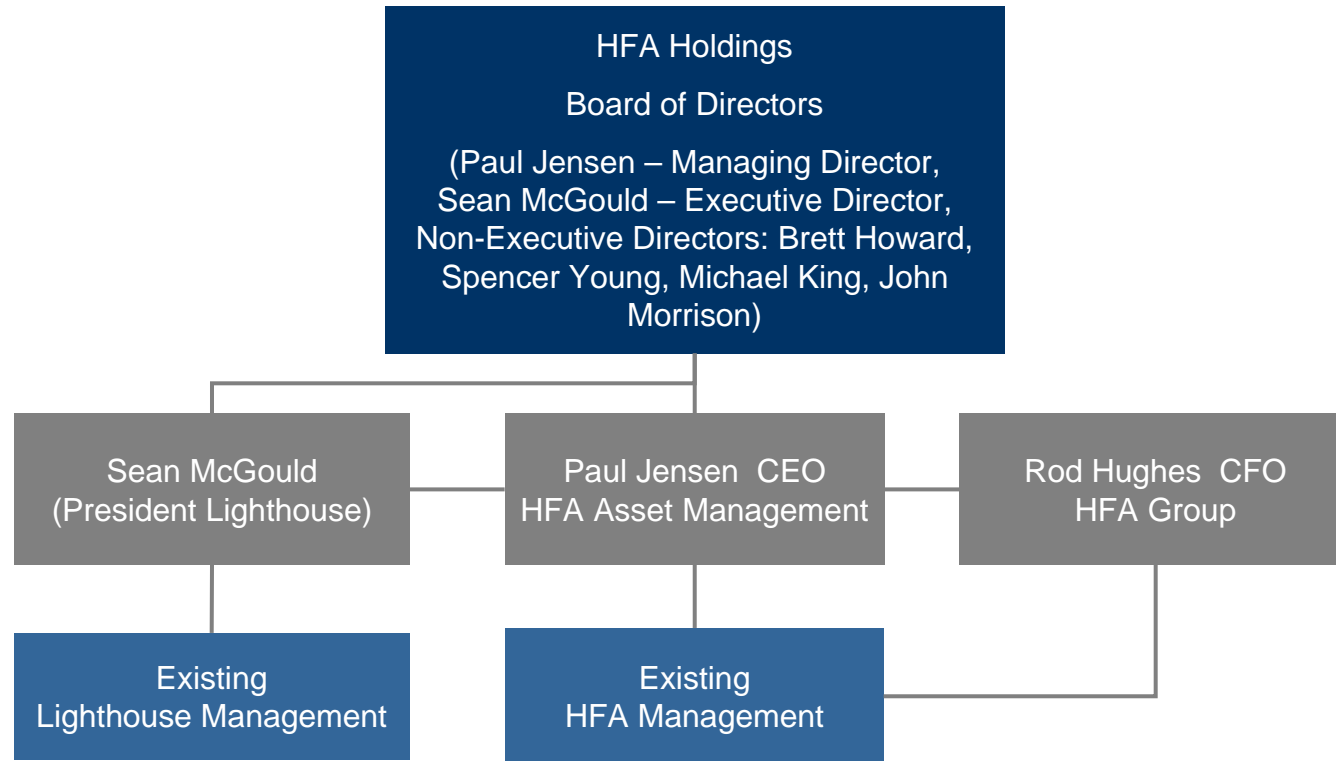
- Combined AUM in excess of US\$8 billion (A\$9.1 billion)
- Extensive product range (>12 currently on offer)
- Global investor base
- HFA and Lighthouse – business as usual
 - Product innovation and development
 - Expansion of distribution networks
 - Capitalising on growth in wealth management and absolute return fund sectors
- Lighthouse’s focus remains on investment management
 - Global monitoring, review and selection of absolute return fund managers
 - Product development
- Benefits from closer vertical integration but limited operational changes to implement

Board and management

HFA Board

- Sean McGould will join the HFA board

Proposed Corporate Structure



Merged entity strategic plan

- Objective to become a global fund manager, as well as one of the top fund managers in Australia
- Current HFA and Lighthouse Management will remain in place, with Sean McGould to join the HFA Board
- Business in Australia and New Zealand will focus on organically growing HFA's distribution capability, with investment product sourced from Lighthouse
 - **Prospect to expand target market to selected areas of the wholesale market**
- Significantly reduced barriers to entry into new geographical markets
 - **A number of attractive markets have already been identified, including the UK/Europe, Asia and the Middle East**

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